the Committee on Interstate and Foreign Commerce.

By Mr. FREY:

H.R. 14446. A bill to amend section 5345 of title 5, United States Code, to provide that certain prevailing rate employees shall not be subject to a reduction in pay; to the Committee on Post Office and Civil Service.

By Mr. GUNTER (for himself, Mr. BADILLO, Mr. DELLUMS, Mr. VANDER VEEN, Mr. FULTON, Mr. STARK, Mr. DAVIS of South Carolina, Mr. ALEXANDER, and Mr. VIGORITO):

H.R. 14447. A bill to amend the Internal Revenue Code of 1954 to provide for the suspension of excise taxes on diesel fuel and special motor fuels, and to roll back the prices for such products; to the Committee on Ways and Means.

By Mr. GUYER (for himself and Mr. LATTA):

H.R. 14448. A bill to amend the Internal Revenue Code of 1954 to relieve employers of 50 or less employees from the requirement of paying or depositing certain employment taxes more often than once each quarter; to the Committee on Ways and Means.

By HAWKINS (for himself, Mr. PERKINS, and Mr. STEIGER of Wisconsin):

H.R. 14449. A bill to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education and Welfare to administer such programs; to the Committee on Education and Labor.

By Mr. KYROS (by request):

H.R. 14450. A bill to amend the Federal Food, Drug, and Cosmetic Act respecting the new drug provisions of such act and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LEHMAN:

H.R. 14451. A bill to amend the emergency Petroleum Allocation Act of 1973 to authorize and require the President of the United States to allocate asphalt and asphalt derivatives, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LUJAN:

H.R. 14452. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to prohibit the Secretary of Transportation from imposing certain seatbelt standards, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MATSUNAGA:

H.R. 14453. A bill to amend title XVIII of the Social Security Act to require skilled nursing facilities under the medicare program and the medicaid program to provide medical social services; to the Committee on Ways and Means.

By Mr. PERKINS (for himself, Mr. QUIE, and Mr. ANDREWS of North Carolina):

H.R. 14454. A bill to extend the authorization of appropriations for the Vocational Education Act of 1963 until fiscal year 1980; to the Committee on Education and Labor.

By Mr. QUILLEN:

H.R. 14455. A bill to amend title 39, United States Code, with respect to certain rates of postage, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. SYMMS (for himself, Mr. COHEN, Mr. FINDLEY, Mr. GOODLING and Mr. ROUSSELOT):

H.R. 14456. A bill 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; to the Committee on Merchant Marine and Fisheries.

By Mr. WRIGHT:

H.R. 14457. A bill to amend the Federal Aviation Act of 1958 with respect to the definition of "air commerce" and "air transportation"; to the Committee on Interstate and Foreign Commerce.

By Mr. YATES:

H.R. 14458. A bill to provide that finding of permanent and total disability under title II or XVI of the Social Security Act, chapter 13 or 15 of title 38, United States Code, or the Railroad Retirement Act of 1937 will be considered as a finding of disability under any of such programs, and for other purposes; to the Committee on Ways and Means.

By Mr. BUCHANAN:

H.J. Res. 990. Joint resolution to designate May 1974 as National Needlepoint Month; to the Committee on the Judiciary.

By Mr. KUYKENDALL:

H.J. Res. 991. Joint resolution to authorize the President to issue a proclamation designating the month of May 1974 as National Arthritis Month; to the Committee on the Judiciary.

By Mr. THOMPSON of New Jersey:

H.J. Res. 992. Joint resolution to prohibit the Bureau of Labor Statistics from instituting any revision in the method of calculating the Consumer Price Index until such revision has been approved by resolution by either the Senate or the House of Representatives of the United States of America; to the Committee on Education and Labor.

By Mr. ROYBAL:

H. Con. Res. 484. Concurrent resolution requesting the President to proclaim the week of May 12 through 18, 1974, as National Migrant Education Week; to the Committee on the Judiciary.

By Mr. RODINO:

H. Res. 1072. Resolution; authorization for reprinting additional copies for use of the Committee on the Judiciary of the Committee print entitled "Procedures for Handling Impeachment Inquiry Material"; to the Committee on House Administration.

H. Res. 1073. Resolution; authorization for reprinting additional copies for use of the Committee on the Judiciary of the Committee print entitled "Work of the Impeachment Inquiry Staff as of February 5, 1974"; to the Committee on House Administration.

H. Res. 1074. Resolution; authorization for reprinting additional copies for use of the Committee on the Judiciary of the Committee print entitled "Work of the Impeachment Inquiry Staff as of March 1, 1974"; to the Committee on House Administration.

MEMORIALS

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

439. By the SPEAKER: A memorial of the Legislature of the Trust Territory of the Pacific Islands, relative to membership of the trust territory in the Asian Development Bank; to the Committee on Interior and Insular Affairs.

440. Also, memorial of the Legislature of the State of California, relative to Amtrak; to the Committee on Interstate and Foreign Commerce.

441. Also, memorial of the Legislature of the State of Colorado, requesting the Congress to propose an amendment to the Constitution of the United States prohibiting the assignment of students to schools on the basis of race, creed, or color; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BARRETT:

H.R. 14459. A bill for the relief of Susan Magdalena Sotillo Daniele; to the Committee on the Judiciary.

By Mr. BROYHILL of Virginia:

H.R. 14460. A bill for the relief of Lim Jesusa Llacer and Emilio Llacer; to the Committee on the Judiciary.

By Mr. YOUNG of Florida:

H.R. 14461. A bill for the relief of Judith E. Sterling; to the Committee on the Judiciary.

SENATE—*Monday, April 29, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. JAMES ABOUREZK, a Senator from the State of South Dakota.

PRAYER

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

Our Father-God, we thank Thee for this world which Thou hast given us for our home. For buds and blossoms, for lush fields and singing brooks, for cascading streams and stirring winds, for gentle rains, for warm sun, for the starlit heavens and all nature proclaiming Thy glory, we give Thee thanks. May our lives match all that is beautiful and good and true in the world about us.

We thank Thee, too, for the goodness in so many people and for the durability of our institutions. We thank Thee that when we wander from Thy pathway and transgress Thy law Thou dost call us back in love and forgiveness. With thankfulness for all that is good in the past and with forgiveness of all that is wrong, we beseech Thee to call us to a life we never yet have known—a new life of selfless service and a fresh devotion to justice, righteousness, and truth.

Through Him who is Redeemer and Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 29, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. JAMES ABOUREZK, a Senator from the State of South Dakota, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. ABOUREZK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

of the Journal of the proceedings of Thursday, April 25, 1974, be dispensed with.

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

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries, and he announced that on April 26, 1974, the President had approved and signed the bill (S. 1866) to provide increases in certain annuities payable under chapter 83 of title 5, United States Code, and for other purposes.

REPORT OF THE ADMINISTRATOR OF THE NATIONAL CREDIT UNION ADMINISTRATION—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. ABOUREZK) laid before the Senate the following message from the President of the United States, which, with an accompanying report, was referred to the Committee on Aeronautical and Space Sciences. The message is as follows:

To the Congress of the United States:

Pursuant to the provisions of Title I, section 102, of the Federal Credit Union Act, as amended (12 U.S.C. 1752a(e)), enclosed is the Annual Report of the Administrator of the National Credit Union Administration for the calendar year 1973.

RICHARD NIXON.

THE WHITE HOUSE, *April 29, 1974.*

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. ABOUREZK) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 13998. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; and

H.R. 13999. An act to authorize appropriations for activities of the National Science Foundation, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills:

S. 2771. An act to amend chapter 5 of title 37, United States Code, to revise the special pay bonus structure relating to members of the Armed Forces, and for other purposes;

S. 3292. An act to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes; and

H.R. 9492. An act to amend the Wild and Scenic Rivers Act by designating the Chattooga River, North Carolina, South Carolina, and Georgia as a component of the National Wild and Scenic System, and for other purposes.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. ABOUREZK).

HOUSE BILLS REFERRED

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

H.R. 13998. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes. Referred to the Committee on Aeronautical and Space Sciences; and

H.R. 13999. An act to authorize appropriations for activities of the National Science Foundation, and for other purposes. Referred to the Committee on Labor and Public Welfare.

WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

ALLOCATION OF ENERGY RESOURCES TO THE TOURISM INDUSTRY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 760, Senate Resolution 281.

The ACTING PRESIDENT pro tempore. The resolution will be stated by title.

The assistant legislative clerk read as follows:

S. Res. 281, to express the sense of the Senate with respect to the allocation of necessary energy sources to the tourism industry.

The ACTING PRESIDENT pro tempore. 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 to the preamble.

The resolution was agreed to.

The preamble, as amended, was agreed to.

The resolution, with its amended preamble, reads as follows:

Whereas tourism spending *by residents* and foreign visitors in the United States in 1972 totaled approximately $61,000,000,000;

Whereas tourism expenditures are the second ranking retail expenditure in the United States;

Whereas the Report of the National Tourism Resources Review Commission (June 25, 1973) estimated that spending for tourism in the United States is expected to total $850,000,000,000 over the decade 1970 to 1980;

Whereas tourism expenditures in the United States directly and indirectly provide employment for approximately four million Americans;

Whereas the leisure activity provided for Americans by the tourism industry is essential for a sound and healthy society;

Whereas the tourism industry is a major economic and social force in the United States;

Whereas the continued viability of the tourism industry depends upon the ability of international transport and of our public and private transportation system (including recreational vehicles), including sightseeing companies, motor coach operators, cruise lines, hotels, motels, and travel agencies to provide in a safe, economic, and efficient manner those goods, facilities, and services which support the tourism industry; and

Whereas the current energy shortage poses a serious threat to the tourism industry and consequently to the national economy and that of many States, areas, and cities: Now, therefore, be it

Resolved, That it is the sense of the Senate that in any allocation of energy supplies or other actions by Federal departments and agencies to alleviate the energy shortage, proper consideration should be given, in light of the facts expressed in the preamble of this resolution, to the provision of adequate supplies of energy to all segments of the tourism industry.

EXTENSION OF ENVIRONMENTAL EDUCATION ACT

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1647.

The ACTING PRESIDENT pro tempore (Mr. ABOUREZK) laid before the Senate the amendment of the House of Representatives to the bill (S. 1647) to extend the Environmental Education Act for 3 years, which was on page 1, line 7, strike out "Notwithstanding," and insert "Subject to".

Mr. NELSON. Mr. President, the House of Representatives has returned to the Senate with one amendment S. 1647, the Environmental Education Amendments of 1974.

The House has amended section 2 of the Senate bill by inserting "Subject to" in lieu of "Notwithstanding" section 448(b) of the General Education Provision Act.

Briefly, the Senate language prohibits the Commissioner of Education from abolishing the Advisory Council on Environmental Education that is mandated by section 3(c)(1) of the act. The House language returns to the Commissioner discretion on abolishing this statutory advisory council.

The question is not whether the council is to be reestablished when this bill is signed into law but rather, what procedure is to be used should anyone want to abolish the council. The Senate language would prohibit the council's abolishment prior to July 1, 1977, while the House amendment permits the Commissioner of Education to abolish the council pursuant to procedures explained in section 448(b) of the General Education Provision Act.

This section provides that the Commissioner can abolish a statutory advisory council only after such intent is published in the Commissioner's annual report to Congress and only if either House of the Congress does not disapprove of this action.

In anticipation that the Environmental Education Act—Public Law 91-516) would not be extended the Commissioner of Education published in the annual report distributed on May 17, 1973, his intent to abolish the council. Congress did not act and 90 days later the original council ceased to exist.

The bill, S. 1647, that we have before us today reestablishes a very popular program. On October 24, 1973, the House passed a bill, H.R. 3927 by a vote of 335 to 60. The Senate's action on S. 1647, the companion legislation, was unanimous. And the final House action on this one minor amendment was also unanimous.

The congressional intent on this legislation is clear: Once this bill is signed into law the program is officially renewed. The program includes the reestablishment of the Advisory Council.

This council is particularly important since it has four specific duties and responsibilities to perform. It does something. It is important that new members be appointed by the Secretary of HEW as soon as possible. This opinion is shared by all the former council members. In fact, the second annual report of the Advisory Council stresses this point, that the Council is an integral part of the legislation and should be renewed.

Mr. President, I ask unanimous consent that the second annual report of the Advisory Council on Environmental Education and a letter of support from Advisory Council consul, Ms. Linda Lee, be printed in the RECORD.

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

ADVISORY COUNCIL ON
ENVIRONMENTAL EDUCATION,
Washington, D.C., March 1, 1973.

Dr. JOHN OTTINA,
Acting Commissioner, U.S. Office of Education, Washington, D.C.

DEAR COMMISSIONER OTTINA: The Advisory Council on Environmental Education has recently completed a year of diligent service as representatives in advising and assisting the implementation of the Environmental Education Act of 1970 (P.L. 91-516).

Representing a wide variety of backgrounds and interests, the Council has attempted to carry out its mandated responsibilities.

As the report indicates, the Council has continued to operate under a limited budget and without formal staffing, thereby frustrating our efforts to produce more comprehensive results.

The Office of Environmental Education has also suffered from inadequate funding and staffing. This has hampered overall administration of the Act.

Bearing these constraints in mind, the Council questions that real progress in environmental education can be achieved unless and until there is significantly greater commitment by the Department and the Administration.

We urge your careful review and consideration in responding to the critical problems outlined in this Report.

Sincerely,

ELLA MAE TURNER,
Chairman.

SECOND ANNUAL REPORT OF THE ADVISORY COUNCIL ON ENVIRONMENTAL EDUCATION, MARCH 1973

I. FOREWORD

In the year since the First Annual Report of the Advisory Council on Environmental Education, the most compelling problems confronting the people of the world remain peace, poverty, population and pollution. Although peace appears to be somewhat closer at long last, progress in the other areas of critical concern to society is less evident. Most Americans are aware of the deterioration of the quality of the environment and genuinely desire to reverse that trend, but governments and institutions have been slow to respond effectively.

Since it is now widely accepted that the survival of human-kind depends upon coexistence with each other and the limited earth resources which support our fragile ecosystem, we must provide the contingent education for sound resource management and environmental planning. It has also become clear that the entire educational system must be revised and revitalized to meet these needs which the Environmental Education Act of 1970 defines as ". . . man's relationship with his natural and manmade surroundings, and includes the relation of population, pollution, resource allocation and depletion, conservation, transportation, technology, and urban and rural planning to the total human environment."

That Act (Public Law 91-516) was created to encourage the development of programs dealing with the process of relating man to his environment. Specifically, the legislation provided for Federal grants to a variety of public and private agencies, and a public and technical information responsibility in the U.S. Office of Education. Within that office, an Office of Environmental Education, as stipulated in the law, was designated in late 1971 to implement these functions.

The Act also provided for the establishment of an Advisory Council on Environmental Education composed of 21 representative citizens to review and report on the development and progress of environmental education programs. Bogged down in bureaucratic delays, the Council finally became an operating unit in December of 1971, with 19 appointees. It continues to be severely handicapped by the lack of adequate funding, lack of any staff personnel and lack of the full number of authorized appointments.

As noted in the Council's First Report, if it is to achieve its Congressional mandate to represent the environmental education needs and interests of the people of the United States, the Council should have been involved in the following activities:

Participation in the planning process for programs under the Environmental Education Act.

Program review during the developmental stages,

Recommendation of changes and modifications are appropriate,

Identification of problems beyond the scope of the Council to be channelled to the proper offices and officials, and

Dissemination of information for general public awareness and for technical assistance to new or continuing programs throughout the country.

Despite the acute limitations indicated, the Council's three Standing Committees have carefully analyzed the status of the Environmental Education Act and the Office of Environmental Education from these perspectives. The following report details the Council's findings and recommendations.

II. SUMMARY RECOMMENDATIONS

After reviewing the serious handicaps in the implementation of the Environmental Education Act, the Advisory Council recommends:

1. Extension of the Environmental Education Act.
2. Possible relocation of the Office of Environmental Education.
3. Evaluation of the environmental Education grants program.
4. Creation of an Interagency Coordination Committee for Environmental Education.
5. Restructuring the advisory council on environmental education.
6. Full staffing for the Office of Environmental Education.

III. DETAILED FINDINGS AND RECOMMENDATIONS

1. Extension of the Environmental Education Act

The Environmental Education Act of 1970 (P.L. 91-516) was passed as a result of Congressional initiative supported at the grass roots by educators, community action groups, conservationists and private citizens. The Act authorized a three year program of $5 million for fiscal year 1971, $15 million for fiscal 1972, and $25 million for fiscal 1973.

Appropriations never even approximated authorizations. Actual program funding totalled only $1.7 million in 1971 and $3 million in 1972, permitting the award of only 236 grants out of 3500 applications received. In those two years, staff and program support also came out of the line-item appropriation. The estimated program funding for fiscal 1973 is $3.1 million* with staff and program support costs borne by the overall Office of Education budget for the first time. Despite these limitations, public interest has remained high and fiscal 1973 applications are expected to reach earlier levels.

The importance of environmental education has been underlined by numerous governmental agencies, advisory committees and private groups. In its 1972 report to the President, for example, the Citizens' Advisory Committee on Environmental Quality stated that ". . . . the quality and accessibility of environmental education in this country . . . must reach citizens of all ages, encompass numerous academic and technical disciplines, and utilize the broadest possible range of formal and informal educational settings. . . ."

Due to the failure of the Office of Education to provide the Office of Environmental Education with staff, physical facilities and administrative support, the beginning of the program was delayed for nearly a year after its enactment. In the course of its discussions with recipients, examination of project reports and personal visits to ongoing projects, the Council finds that although there are many outstanding projects underway, these first three years cannot be considered a fair trial of the Congressional mandate. It

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*In view of the pending expiration of P.L. 91-516 on June 30, 1973, no funds were requested by the President for fiscal year 1974. The Council strongly recommends that the Executive Branch provide full funding of any new environmental education legislation. Congressman John Brademas, Chairman of the House Select Subcommittee on Education, has introduced with bipartisan support a bill (H.R. 3972) call for a new $60 million 3-year program.

is unrealistic to think that an environmentally aware public or an environmentally sensitized student population can be achieved in three years (or even six) with only $7.2 million (estimated) in direct funding. The need is too great and public interest too high to abandon the effort now. The program should be continued.

2. Possible relocation of the Office of Environmental Education

In recommending the extension of Public Law 91–516, the Council does not necessarily recommend a continuation of the present bureaucratic location of the environmental education program. From the passage of the Act, Office of Education and Department of Health, Education and Welfare officials have been virtually silent on the subject of environmental education despite President Nixon's own support for the concept. In his February 8, 1971, Message to the Congress, the President said:

"The building of a better environment will require in the long term a citizenry that is both deeply concerned and fully informed. Thus, I believe that our educational system, at all levels, has a critical role to play."

Throughout its bureaucratic life, the Office of Environmental Education has been subject to considerable harassment including several office moves, inability to hire its full staff complement, delays in clearing documents and abrupt changes in deadlines.

If the Assistant Secretary for Education and the Commissioner of Education cannot assure the Congress that it will give priority to environmental education programs, as the present law provides, then any new or extended program should be located in more hospitable surroundings.

In view of the large number of pending governmental reorganizations, the Council does not have a specific recommendation at this time, but it hopes that the Congress will insist on this point in any consideration of new legislation.

3. Evaluation of the environmental education grants program

It is critically important that a careful and thorough review and analysis of the programs funded under P.L. 91–516 be undertaken. Such a review may enable the development of guidelines and model programs of national scope and significance for implementation throughout the United States.

The evaluation should be undertaken in the context of the criteria developed by the Council pursuant to Section 3(c)(2) of the Act and incorporated in the guidelines sent to potential applicants by the Office of Education.

It would be a violation of the public trust to deny to educational institutions and citizens groups the benefits of both the successes and failures of the efforts to date.

4. Creation of an interagency coordination committee for environmental education

Although the legislative history of the Environmental Education Act indicates that environmental education programs were to be "synergistic" in that they would draw not only on resources provided by the Act but also on those of other educational programs such as Titles I and III of the Elementary and Secondary Education Act, vocational education, cooperative education and the like, there is some confusion as to the extent to which this mandate has been carried out. In April 1972, the Deputy Commissioner of Education for Renewal told the House Select Subcommittee on Education that $11.5 million would be made available through this means in fiscal year 1972. There exists, however, at least for the record, no document indicating whether or not this was done, or whether or not programs called "synergistic" in fact served an environmental education need.

However a new or extended environmental education bill is structured, the Council recommends that a federal interagency coordinating committee on environmental education synergy be created under the aegis of the Council on Environmental Quality. The committee should be chaired by the Director of the Office of Environmental Education and include provision for the inclusion of advisory representatives of states and national private agencies.

The coordinating committee should be a working group sharing information and experience in an effort to maximize the effectiveness of the national environmental education effort. It should prepare a summary of its activities and recommendations for inclusion in the annual report of the Council on Environmental Quality to the Congress pursuant to the National Environmental Policy Act of 1970.

5. Restructuring the Advisory Council on Environmental Education

An advisory council can be no more effective than the program it serves and it, too, must have adequate resources and sufficient support within its agency to meet its objectives. Like the Office of Environmental Education, the Advisory Council has been beset with delays. Created more than a year after the passage of the Act, the Council was naturally unable to participate fully in the first year of grant awards. It has never had its full complement of 21 members as called for in the law.

Nevertheless, the Council has sought to do its job as effectively as possible and in all instances has received excellent cooperation from the Office of Environmental Education staff. As a result of its 16 months experience, the Council does have specific recommendations we believe could make it a more effective part of the overall environmental education effort:

1. Reduction in membership from 21 to 15;
2. Election of the Chairman by the members of the Council;
3. The provision of regular professional staff.

6. Full staffing for the Office of Environmental Education

The Office of Environmental Education has never had sufficient staff and for the past year has not even had the full complement of staff positions assigned to it. Through personal observation of Office activities, the Council finds that it is literally impossible for the staff to keep up with the daily demands on their time and resources despite the dedication of personnel willing to devote evenings and weekends to getting the job done.

In addition to its own considerable workload, the staff has also had to service the needs of the Council. Although members have been willing to make their own travel and meeting arrangements and cooperate in any possible way, in the absence of regular professional staff it has been seriously hampered in fulfilling its own legislative mandate.

IV. CONCLUSION

In three State of the Union Messages and three Special Messages on the Environment, President Nixon has spoken of the need for environmental literacy, new values and attitudes, and environmental awakening. At the time of the Third Annual Report of the Council on Environmental Quality in 1972, the President stressed the importance of both formal and informal education to prevent the environmental movement from becoming elitist.

The Environmental Education Act, signed into law October 30, 1970, was intended by the Congress to address the environmental needs of all citizens. It was widely believed that the Environmental Education Act and the National Environmental Policy Act of 1970 were mutually supportive laws, which read together provided a strategy for environmental protection involving standards, monitoring, enforcement, evaluation and dissemination in keeping with the mandate of P.L. 91–516 " . . . to encourage understanding of policies, and support of activities designed to enhance environmental quality and maintain ecological balance . . ."

Environmental education has received little more than lip service from the Executive Branch. We are nearly as far from achievement of its goals as we were at the time of the passage of the original legislation three years ago. In part through the efforts of the Office of Environmental Education, the needs are now more clearly articulated and there is stronger public support for an educational effort to enhance respect for the quality of life and to provide the practical tools for environmental problem-solving. Although the President has not requested additional funding for environmental education due to the potential expiration of the Environmental Education Act on June 30, 1973, it is the hope of this Council that the Congress which gave the Act life will let it continue to grow and assign it to an Agency which will conscientiously and creatively administer it.

The continued existence of the environmental education program will put us to the ultimate test: Are we sufficiently committed to environmental quality to match our resources with our rhetoric?

V. APPENDICES—APPENDIX A—THE ENVIRONMENTAL EDUCATION ACT

(Public Law 91–516, 91st Congress, H.R. 18260, October 30, 1970)

An act to authorize the United States Commissioner of Education to establish education programs to encourage understanding of policies, and support of activities, designed to enhance environmental quality and maintain ecological balance

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 "Environmental Education Act".

STATEMENT OF FINDINGS AND PURPOSE

Sec. 2. (a) The Congress of the United States finds that the deterioration of the quality of the Nation's environment and of its ecological balance poses a serious threat to the strength and vitality of the people of the Nation and is in part due to poor understanding of the Nation's environment and of the need for ecological balance; that presently there do not exist adequate resources for educating and informing citizens in these areas, and that concerted efforts in educating citizens about environmental quality and ecological balance are therefore necessary.

(b) It is the purpose of this Act to encourage and support the development of new and improved curricula to encourage understanding of policies, and support of activities designed to enhance environmental quality and maintain ecological balance; to demonstrate the use of such curricula in model educational programs and to evaluate the effectiveness thereof; to provide support for the initiation and maintenance of programs in environmental education at the elementary and secondary levels; to disseminate curricular materials and other information for use in educational programs throughout the Nation; to provide training programs for teachers, other educational personnel, public service personnel, and community, labor, and industrial and business leaders and employees, and government employees at State, Federal, and local levels; to provide for the planning of outdoor ecological study centers; to provide for community education pro-

grams on preserving and enhancing environmental quality and maintaining ecological balance; and to provide for the preparation and distribution of materials by mass media in dealing with the environment and ecology.

ENVIRONMENTAL EDUCATION

Sec. 3. (a) (1) There is established within the Office of Education, an office of environmental education (referred to in this section as the "office") which, under the supervision of the Commissioner, through regulations promulgated by the Secretary, shall be responsible for (A) the administration of the program authorized by subsection (b) and (B) the coordination of activities of the Office of Education which are related to environmental education. The office shall be headed by a Director who shall be compensated at a rate not to exceed that prescribed for grade GS-17 in section 5332 of title 5, United States Code.

(2) For the purposes of this Act, the term "environmental education" means the educational process dealing with man's relationship with his natural and manmade surroundings, and includes the relation of population, pollution, resource allocation and depletion, conservation, transportation, technology, and urban and rural planning to the total human environment.

(b) (1) The Commissioner shall carry out a program of making grants to, and contracts with, institutions of higher education, State and local educational agencies, regional educational research organizations, and other public and private agencies, organizations, and institutions (including libraries and museums) to support research, demonstration, and pilot projects designed to educate the public on the problems of environmental quality and ecological balance, except that no grant may be made other than to a nonprofit agency, organization or institution.

(2) Funds appropriated for grants and contracts under this section shall be available for such activities as—

(A) the development of curricula (including interdisciplinary curricula) in the preservation and enhancement of environmental quality and ecological balance;

(B) dissemination of information relating to such curricula and to environmental education, generally;

(C) in the case of grants to State and local educational agencies, for the support of environmental education programs at the elementary and secondary education levels;

(D) preservice and inservice training programs and projects (including fellowship programs, institutes, workshops, symposiums, and seminars) for educational personnel to prepare them to teach in subject matter areas associated with environmental quality and ecology, and for public service personnel, government employees, and business, labor, and industrial leaders and employees;

(E) planning of outdoor ecological study centers;

(F) community education programs on environmental quality, including special programs for adults; and

(G) preparation and distribution of materials suitable for use by the mass media in dealing with the environment and ecology.

In addition to the activities specified in the first sentence of this paragraph, such funds may be used for projects designed to demonstrate, test, and evaluate the effectiveness of any such activities, whether or not assisted under this section.

(3) (A) Financial assistance under this subsection may be made available only upon application to the Commissioner. Applications under this subsection shall be submitted at such time, in such form, and containing such information as the Secretary shall prescribe by regulation and shall be approved only if it—

(i) provides that the activities and services for which assistance is sought will be administered by, or under the supervision of, the applicant;

(ii) describes a program for carrying out one or more of the purposes set forth in the first sentence of paragraph (2) which holds promise of making a substantial contribution toward attaining the purposes of this section;

(iii) sets forth such policies and procedures as will insure adequate evaluation of the activities intended to be carried out under the application;

(iv) sets forth policies and procedures which assure that Federal funds made available under this Act for any fiscal year will be so used as to supplement and, to the extent practical, increase the level of funds that would, in the absence of such Federal funds, be made available by the applicant for the purposes described in section 3, and in no case supplant such funds.

(v) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this title; and

(vi) provides for making an annual report and such other reports, in such form and containing such information, as the Commissioner may reasonably require and for keeping such records, and for affording such access thereto as the Commissioner, may find necessary to assure the correctness and verification of such reports.

(B) Applications from local educational agencies for financial assistance under this Act may be approved by the Commissioner only if the State educational agency has been notified of the application and been given the opportunity to offer recommendations.

(C) Amendments of applications shall, except as the Secretary may otherwise provide by or pursuant to regulation, be subject to approval in the same manner as original applications.

(4) Federal assistance to any program or project under this section, other than those involving curriculum development dissemination of curricular materials, and evaluation, shall not exceed 80 per centum of the cost of such program for the first fiscal year of its operation, including costs of administration, unless the Commissioner determines, pursuant to regulations adopted and promulgated by the Secretary establishing objective criteria for such determinations, that assistance in excess of such percentages is required in furtherance of the purposes of this section. The Federal share for the second year shall not exceed 60 per centum, and for the third year 40 per centum. Non-Federal contributions may be in cash or kind, fairly evaluated, including but not limited to plant, equipment, and services.

(c) (1) There is hereby established an Advisory Council on Environmental Education consisting of twenty-one members appointed by the Secretary. The Secretary shall appoint one member as Chairman. The Council shall consist of persons appointed from the public and private sector with due regard to their fitness, knowledge, and experience in matters of, but not limited to, academic, scientific, medical, legal, resource conservation and production, urban and regional planning, and information media activities as they relate to our society and affect our environment, and shall give due consideration to geographical representation in the appointment of such members: *Provided, however,* That the Council shall consist of not less than three ecologists and three students.

(2) The Council shall—

(A) advise the Commisioner and the office concerning the administration of, preparation of general regulations for, and operation of programs assisted under this section.

(B) make recommendations to the office with respect to the allocation of funds appropriated pursuant to subsection (d) among the purposes set forth in paragraph (2) of subsection (b) and the criteria to be used in approving applications, which criteria shall insure an appropriate geographical distribution of approved programs and projects throughout the Nation;

(C) develop criteria for the review of applications and their disposition; and

(D) evaluate programs and projects assisted under this section and disseminate the results thereof.

TECHNICAL ASSISTANCE

Sec. 4. The Secretary of Health, Education, and Welfare, in cooperation with the heads of other agencies with relevant jurisdiction, shall, insofar as practicable upon request, render technical assistance to local educational agencies, public and private nonprofit organizations, institutions of higher education, agencies of local, State, and Federal governments and other agencies deemed by the Secretary to play a role in preserving and enhancing environmental quality and maintain ecological balance. The technical assistance shall be designed to enable the recipient agency to carry on education programs which are related to environmental quality and ecological balance.

SMALL GRANTS

Sec. 5. (a) In addition to the grants authorized under section 3, the Commissioner, from the sums appropriated, shall have the authority to make grants, in sums not to exceed $10,000 annually, to nonprofit organizations such as citizens groups, volunteer organizations working in the environmental field, and other public and private nonprofit agencies, institutions, or organizations for conducting courses, workshops, seminars, symposiums, institutes, and conferences, especially for adults and community groups (other than the group funded).

(b) Priority shall be given to those proposals demonstrating innovative approaches to environmental education.

(c) For the purposes of this section, the Commissioner shall require evidence that the interested organization or group shall have been in existence one year prior to the submission of a proposal for Federal funds and that it shall submit an annual report on Federal funds expended.

(d) Proposals submitted by organizations and groups under this section shall be limited to the essential information required to evaluate them, unless the organization or group shall volunteer additional information.

ADMINISTRATION

Sec. 6. In administering the provisions of this Act, the Commissioner is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or private agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement, as may be agreed upon. The Commissioner shall publish annually a list and description of projects supported under this Act and shall distribute such list and description to interested educational institutions, citizens' groups, conservation organizations, and other organizations and individuals involved in enhancing environmental quality and maintaining ecological balance.

AUTHORIZATION

Sec. 7. There is authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1971, $15,000,000 for the fiscal year ending June 30, 1972, and $25,000,000 for the fiscal year ending June 30, 1973 for carrying out the purposes of this Act.

LEGISLATIVE HISTORY

House Report No. 91-1362 (Comm. on Education and Labor).

Senate Report No. 91-1164 (Comm. on Labor and Public Welfare).

CONGRESSIONAL RECORD, Vol. 116 (1970): Aug. 3, considered and passed House. Sept. 21, considered and passed Senate, amended. Oct. 13, House concurred in Senate amendments with an amendment; Senate concurred in House amendment.

APPENDIX B

ENVIRONMENTAL EDUCATION ACT FUNDING, FISCAL YEARS 1971-73

[In thousands of dollars]

	1971	1972	1973
Total appropriation	2,000	3,514	3,180
Program funds	1,725	2,999	3,180
Salaries and expenses	225	465	(1)
Advisory council	[2] 0	50	[1] 50

[1] Disbursement from Office of Education salary and expense budget.
[2] The Advisory Council was appointed in November 1971, 5 mos. after the beginning of fiscal 1972.

APPENDIX C

SUMMARY OF GRANTS IN FISCAL 1972

Among 162 grants totaling $2,999,040.00 for environmental education projects announced in late June 1972 by U.S. Commissioner of Education, Sidney P. Marland, Jr., were eleven for statewide evaluation and dissemination.

The 11 States receiving such awards included Alabama, Colorado, District of Columbia, Hawaii, Massachusetts, Michigan, Minnesota, New Hampshire, North Carolina, Texas, and Wisconsin.

Most of the 162 were made under the Environmental Education Act (P.L. 91-516), though some were funded under P.L. 90-35 (the Education Professions Development Act) and one was awarded under the Cooperative Research Act (P.L. 83-531). Grants were made in each of the 50 States, the District of Columbia, Puerto Rico, and Micronesia.

Range of awards, based on preliminary estimates which are subject to negotiation, is $900 to $60,000. The average per project is $18,544, while the median award is for $13,600.

A breakdown by regions and States indicates that O.E. Region V received the greatest cash total, $510,540, and had the highest number of funded proposals, 31 (Table I). Among individual states, New York and California were the sources of the most proposals (214 and 194, respectively), received the most awards (12 and 11), and the greatest cash totals ($206,900 and $205,250).

TABLE I: FISCAL YEAR 1972 ENVIRONMENTAL EDUCATION AWARDS—NUMBER OF PROPOSALS AND DOLLARS PER STATE AND REGION

Region and State	Proposals submitted	Proposals funded	Dollars funded per State
Region I:			
Massachusetts	52	6	82,300
Connecticut	47	4	61,900
New Hampshire	15	5	67,800
Vermont	12	3	39,000
Maine	9	1	44,000
Rhode Island	5	1	14,000
Dollars funded per region			309,000
Region II:			
New York	214	12	206,900
New Jersey	53	3	53,200
Puerto Rico	7	1	20,000
Dollars funded per region			280,100
Region III:			
Pennsylvania	76	7	172,000
West Virginia	11	1	12,500
Delaware	9	2	28,000
Virginia	27	5	44,400
Maryland	28	1	20,000
District of Columbia	32	6	87,750
Dollars funded per region			364,650
Region IV:			
Florida	47	5	124,000
Georgia	26	3	74,500
North Carolina	29	2	66,000
Kentucky	17	2	23,500
Alabama	26	2	52,000
Mississippi	16	1	8,000
Tennessee	18	2	24,000
South Carolina	6	1	8,000
Dollars funded per region			380,000
Region V:			
Ohio	52	4	96,500
Indiana	23	7	81,800
Illinois	24	7	127,440
Minnesota	42	6	78,300
Michigan	62	2	67,000
Wisconsin	39	5	59,500
Dollars funded per region			510,540
Region VI:			
Texas	37	3	49,200
Louisiana	9	1	25,000
Arkansas	3	2	65,750
Oklahoma	15	2	77,000
New Mexico	7	1	37,000
Dollars funded per region			253,950
Region VII:			
Nebraska	8	1	18,000
Iowa	17	1	5,800
Missouri	25	2	60,000
Kansas	6	1	11,000
Dollars funded per region			94,800
Region VIII:			
Colorado	38	4	139,000
Utah	8	1	13,600
Wyoming	4	1	9,000
South Dakota	5	1	26,000
North Dakota	12	2	34,000
Montana	17	3	47,000
Dollars funded per region			268,600
Region IX:			
California	194	11	205,250
Nevada	9	1	5,500
Hawaii	11	2	33,500
Trust Territories	1	1	25,500
Arizona	16	2	23,950
Dollars funded per region			293,700
Region X:			
Washington	39	3	75,500
Idaho	11	2	19,000
Oregon	40	5	68,000
Alaska	11	2	85,700
Dollars funded per region			248,200

Among grants of particular interest are:

To the Center for Research and Education of Denver, Colorado, for provision of technical assistance to State environmental education planning groups;

To the Center for Curriculum Design of Evanston, Illinois, for nationwide dissemination to environmental educators through regional workshops;

Eleven programs directed at minority groups (four black, four Indian, and three Spanish-speaking);

Eleven awards to special groups and institutions (five population, two architectural, and four museums);

Thirty-one applications from among 51 Fiscal Year 1971 grantees reapplying were funded.

In all, 33 awards were made for workshops, 11 for State evaluation and dissemination, 11 for personnel training, 25 for community awareness, 66 for instruction and curriculum, and 16 for evaluation and dissemination (Trade II).

TABLE II.—FISCAL YEAR 1972 ENVIRONMENTAL EDUCATION AWARDS, BY CATEGORY, AS COMPARED TO FISCAL YEAR. 1971 AWARDS

Categories	1972 E.E. awards, number of awards	1971 E.E. awards, number of awards
Type A: Workshops	33	36
Type B: Statewide evaluation and dissemination	11	5
Type C: Pilot projects:		
Personnel training:		
(A) Inservice educational personnel	4	1
(B) Inservice noneducational personnel	4	1
(C) Preservice education personnel	1	
(D) Preservice noneducational personnel	1	1
(E) Government personnel	1	1
Total personnel training	11	4
Community awareness:		
(F) School-community models	1	1
(G) Environmental education centers	14	6
(H) Citizen participation projects	10	11
Total community awareness	25	18
Instruction and curriculum:		
(I) Elementary and secondary programs	7	1
(J) Supplementary materials	18	1
(K) Curriculum development	38	8
Including Media projects (K_2)	3	
Total instruction and curriculum	66	10
Evaluation and dissemination:		
(L) General evaluation	1	1
(M) Dissemination: Information dissemination	12	0
(N) Dissemination: Information clearinghouse	3	0
Total evaluation and dissemination	16	1
Grand total	162	74

Thirty-four awards were made to institutions of higher education, eleven of them private institutions. In addition, 29 local education agencies, 29 private (or other) organizations, and 26 private environmental organizations were funded (Table III).

TABLE III.—FISCAL YEAR 1972 ENVIRONMENTAL EDUCATION AWARDS, BY TYPE OF ORGANIZATION FUNDED

Type of organization	Number of awards	Dollars funded
Institutes of higher education	34	599,900
Private/other	29	497,450
Local education agencies	29	486,000
Private educational organization	11	381,750
Private environmental organization	26	376,850
Public agencies and organizations	7	194,940
State education agencies	6	176,950
Museums	4	111,800
Community colleges/vocational education schools	9	87,300
Private elementary and secondary schools	4	56,600
Public libraries	3	29,500
Total	162	2,999,040

APPENDIX D

SCHEDULE OF ADVISORY COUNCIL ACTIVITIES

December 3-5, 1971, Full Council—Organizational Meeting, Washington, D.C.

January 9-10, 1972, Steering Committee, Washington, D.C.

February 6-8, 1972, Full Council and Standing Committees, Washington, D.C.

April 13, 1972, Dissemination Committee.

April 14-15, 1972, Executive Committee.

April 16, 1972, Congressional Oversight Committee, Washington, D.C.

June 22-25, 1972, Full Council and Standing Committees. Host: Minnesota Environmental Science Foundation.

July 24, 1972, Legislative Review Committee, Washington, D.C.

September 29–October 1, 1972, Full Council and Standing Committees, Washington, D.C.

December 1, 1972, Executive Committee, Green Bay, Wisconsin.

January 23–27, 1973, Full Council and Standing Committees—Annual Report Preparation. Host: National Association for Environmental Education, Miami, Florida.

March 30, 1973, Executive Committee, Washington, D.C.

May 4–6, 1973, Full Council and Standing Committees, Washington, D.C.

LINDA K. LEE,
Washington, D.C., April 15, 1974.

Hon. GAYLORD NELSON,
Washington, D.C.

DEAR SENATOR: On behalf of the first National Advisory Council on Environmental Education, I am writing to thank you and your Subcommittee for your diligent efforts to secure passage of S. 1647, extending the Act for an additional three years.

All of the Members of the original group have been polled and have expressed their gratitude for your efforts. We have an additional request that the text of our Second Annual Report, dated March 1973, be included in the Congressional Record at some point as it contains some specific recommendations for the operation and staffing of a Committee to be appointed under the new Act.

We hope that you and your staff will let us know if there is anything we can do at this point to secure prompt approval by the House of the Senate amendments, and to assist in the forthcoming appropriations process. We are unanimous in our belief in the importance of this program and the importance of its continuation and expansion.

With high regard,
Sincerely,

LINDA K. LEE,
Counsel, National Advisory Council, on Environmental Education.

Mr. NELSON. Mr. President, with this understanding of both the amendment and of the intent of the Congress I believe the Senate should concur with the House amendment regarding S. 1647, the Environmental Education Amendments of 1974 and send the bill to the President for his signature.

Mr. MANSFIELD. Mr. President, I move that the Senate concur in the amendment of the House.

The motion was agreed to.

VISIT TO ROMANIA, BULGARIA, AND THE SOVIET UNION—INTERPARLIAMENTARY UNION

Mr. HUGH SCOTT. Mr. President, I have just returned, after an official leave of absence, from the Interparliamentary Union meeting at Bucharest, Romania, as chairman of the U.S. delegation, following which I made two visits to Moscow with some days attendance at the Dartmouth VIII Conference headed by Norman Cousins and Yuri Zhukov as cochairmen. This conference is one which has been a source of much commitment on the part of Mr. David Rockefeller and of other gentlemen interested in Soviet-American relations, with discussions on problems of the economy.

I had one 2-hour meeting with General Secretary Leonid Brezhnev, and also a meeting with the heads of the two Houses of the Russian Congress, and with a number of other parliamentarians.

I will have more to say on my reactions and what was discussed with these gentlemen.

I found particularly interesting my conversation with Mr. Georgii Arbatov, the head of the U.S. Desk of the National Academy of Sciences, and with Mr. Yuri Zhukov, who is perhaps the best-known commentator and journalist in the Soviet Union today.

I had a number of newspaper, radio, and television interviews in the course of these visits.

The discussions were very useful, touching on matters of national security and mutual national interest, reduction of tensions, progress in the SALT talks, trade, emigration policies in the Soviet Union, the United States trade bill, and many other topics.

I think the trip was most useful and I am very glad that I had this rather unusual opportunity.

I also had the very great pleasure to talk with President Nicolae Ceausecu of Romania, and with Mr. Emil Bodnaraf, Vice President of the Council of States.

I also met with some officials in Bulgaria, so that I believe we got a very good overview of some of the major problems with which East and West are currently concerned and will continue to be concerned.

As I say, I shall have more to say later.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the distinguished Senator from Wisconsin (Mr. PROXMIRE) is now recognized for not to exceed 15 minutes.

PENTAGON MANAGEMENT INNOVATIONS

Mr. PROXMIRE. Mr. President, on Thursday, in my series of speeches on what is right with the Federal Government, I discussed how the Department of Defense has made great strides in improving the strategic capability of the United States. The addition of the Minuteman and Poseidon missile systems to our nuclear arsenal have provided us with the world's most devastating military force. Improvements in other high technological areas are producing similar results.

Today, however, there is another issue of military improvement and excellence I would like to address, and that is the question of management innovation in the Defense Department. Judging by the past 15 years, the Department of Defense has faced and solved more management problems with greater success than any business in the world. I have criticized the Defense Department before and I will do so again and vigorously. But in all fairness, they have done well in many respects and deserve credit for it.

It is reassuring to look back at the enormous problems the Department of Defense has solved by wise management and sound decisionmaking, especially since the mood of the country seems to be pessimistic and critical of all Government bureaucracies. A review of past and present defense management programs will quickly show that we are making progress.

In the late years of the Eisenhower "New Look," the emphasis was on strategic nuclear weapons and little attention was given to general purpose forces. The lingering effects of the massive retaliation doctrine had a detrimental impact on the preparedness of the Army and Navy.

Land and sea fighting capability was sacrificed for over-reliance on nuclear technology. Due to budgetary limitations, tactical forces were at a low level of effectiveness. Since that time, however, management decisions taken by the Department of Defense have prompted revolutionary changes in the firepower, mobility, support, and communications capabilities of the U.S. Armed Forces.

Starting with a ground force Army equipped with obsolete World War II arms such as the M–1 rifle, tube-type artillery, wornout vehicles, and a preoccupation with nuclear warfare, the Army has rapidly upgraded its capability.

Helicopters are now utilized on a scale unduplicated by any other country in the world for combat and general transportation. They can support troops in the field with aerial firepower and attack enemy armor units.

The U.S. M–60 tank with its recent modifications is second to none in the world. Even though we have not been successful in developing a newer tank at a reasonable cost, the basic M–60 variants have been found to be superb under many different conditions. A new family of artillery pieces with vastly improved ammunition have been procured and deployed with U.S. units around the world.

Most recently a new series of antitank weapons, the LAW, Dragon, and TOW are replacing the older bazookas and recoilless rifles. If these weapons prove out, they could dramatically change ground combat tactics, especially for Europe where the United States faces a substantial number of Soviet and Eastern bloc tanks.

A highly diversified family of tactical nuclear weapons ranging from the 155-millimeter artillery through Pershing to the latest Lance missile currently is available. These weapons are stationed in Allied countries in Europe and in the Far East. While the utility of tactical nuclear weapons is subject to various interpretations, there is no doubt that they have provided the backbone to the United States-European defense and are a continuing source of corcern to U.S.S.R.

The Navy faced a similar problem of preparedness. Essentially, the Navy was operating with the same ships in 1957 as were available at the end of World War II. Since then the Navy has made extensive use of nuclear propulsion for aircraft carriers, cruisers, and submarines. Nuclear powerplants, though more costly, enable ships to have almost unlimited endurance and of course are less dependent on foreign sources of energy.

Antisubmarine capabilities are immensely better than the predecessors. With underwater listening devices positioned at strategic locations and with other highly sophisticated programs, we have greater confidence about Soviet submarine programs, deployment patterns, and numbers.

Mr. President, I think it only appropriate for us, at a time when we are concerned—and should be concerned—with the Soviet increase in the strength of their submarines, to note that our antisubmarine capability has increased and improved as sharply at it has, and it is something that has not been widely enough commented upon or appreciated.

We are also making extensive use of surface-to-air, surface-to-surface, surface-to-subsurface and subsurface-to-surface guided missiles. What I am talking about is the deterrent we have from the air, the deterrent was have from the ground, and the deterrent we have from submarines in missiles that are capable of delivering nuclear warheads with fantastic destructive capability anywhere in the world. These new systems are deployed on surface vessels and submarines and provide a wide range of offensive and defensive capabilities.

The fleet air power of the U.S. Navy is without challenge in the world. There are no foreign carrier based aircraft that can compare with the superb and reliable F-4 or the follow-on more expensive F-14.

We recognize that in terms of aircraft carriers capability, we are in a class by ourselves. The Soviet Union has none, and no other country in the world has any, except some of the old aircraft carriers who have provided for them. While it is claimed that the U.S.S.R. is developing aircraft carriers, it is too often overlooked at these are not catapult-type vessels and therefore can operate only with a fraction of the capability of the U.S. aircraft force. It seems that they may be developing one or two, and we have 15 attack carriers in place right now.

Developments such as the hydrofoils and surface effects ships could put the Navy on the threshold of a new era in naval warfare if these vessels live up to their expectations and do not have significant cost overruns.

There has been a lot of criticism of various people in the Navy. There has been some criticism of Admiral Zumwalt, for example, but it should be added that he has enforced a new energetic management policy which has resulted in the Navy meeting personnel challenges head on and with positive effects.

In 1957, the Air Force concentrated on the strategic retaliation role and slighted tactical roles and missions.

The "100" series of supersonic aircraft was just coming into the inventory. Now the improved F-4 supply greatly enhanced capability including improve ordnance loads and more versatility.

Strategic airlift was in its infancy in 1957. All aircraft were propellor driven. The C-130 was just becoming available. The force today is composed of all jet aircraft including the efficient C-141—a big cargo-carrying plane—and the special purpose C-5A, which can deliver outsize equipment anywhere in the world. We have twice as many as the Air Force said in their report that they needed. We have a more responsive force and greater life capacity than any similar unit in the world. This is why I say that we have the most mobile force in the world, as well as one with an amazing and tremendously improved and increased fire power.

One of the most revolutionay developments has been the emergence of the "smart bombs" which enable a single weapon to destroy targets previously immune to carpet bombing. Interdiction capability with the A-7 and F-111 is significantly better than in prior years.

The dramatic improvement in the force structure of the United States can be attributed to the new management techniques now in existence. To begin with, Congress plays a much more active role in authorizing and appropriating funds and in overseeing programs.

In the late 1950's, the individual services prepared their own budgets in isolation from the others and with little integration of national policy or priorities. Total program costs were not estimated with regularity or precision. interservice rivalry often resulted in unbalanced national programs.

A few short years later, vast improvements had been made by increasing the authority of the Secretary of Defense in the formative stages of budget allocation to the services and by an improvement in legislative oversight. A planning-programing-budgeting cycle has been established to assist the Secretary and the services. Roles and missions have been sorted out so that the harmful effects of interservice rivalry have been minimized. The use of systems analysis has provided a new tool for making rational judgments among alternatives.

Procurement practices, though still flawed, may be improving if more than lip service is given techniques such as the use of milestones and incremental funding, designing to cost, hi-lo weapon mixes, use of prototypes, hardware competition, reduction of gold plating, and the use of independent operational test and evaluation.

The Secretary of Defense, James R. Schlesinger, has indicated a determination to cut out waste such as unnecessary support costs and the overstaffing in headquarters. The Army has taken the lead by dissolving several headquarters and transferring personnel from staff jobs to combat positions. It is hoped that the other services will follow the same path.

One of the most important management changes in the entire history of the U.S. Military Establishment has been the introduction of the All-Volunteer Army and the equal opportunity in theory now given to minorities in the military. The grand experiment appears to be working, and I am convinced that with the current positive thinking by the Secretary of Defense, it will not only work, but work well.

Being a member of the U.S. Armed Forces is no longer a second-class citizen role. Compensation for the lower and middle ranks has been raised to be comparable with civilian employment. The conditions of military life have improved year by year. When coupled with the enlightened thinking with regard to personnel policies, such as instituted by Admiral Zumwalt, the military will continue to be an attractive career for ambitious and patriotic young Americans.

In short, the Defense Department has provided our country with a unique broad spectrum of military capability able to defend us from attack and operate effectively throughout the world if need be. This could not have been accomplished without extraordinary management innovations.

Many of the innovations have been urged by Congress on a sometimes reluctant Pentagon.

As I said at the beginning, I expect to continue to criticize the military intensively in the future, as I have in the past. The fact that our military is so powerful, as I have indicated today, is another argument why I think we can with confidence reduce the fat, waste, and redundancy and reduce some of the proposals for excessive military spending that have confronted us, without fearing that we are going to reduce the power of our military force below that of the Soviet Union. I am convinced, as the head of the Air Force has said, that we have the most powerful Air Force in the world, without any question; and I think we have the most powerful Navy, without any question. We have an Army that has the mobility and the firepower to meet the enemy on equal terms.

We have a nuclear power that is overwhelming. When one considers the MIRV'ing of our weapons system, this is particularly true.

TAXES AND CONTROLS

Mr. PROXMIRE. Mr. President, in the remaining minute or so that I have I wish to call attention to an article that was printed yesterday in the New York Times relating to taxes and controls. The article was written by Mr. Thomas E. Mullaney, an economic commentator of great ability. I would like to read into the RECORD a part of what he said because later on today, I understand, about 3 or 3:30, the wage and price stabilization bill will be before the Senate and we will decide whether to renew controls that are to expire in the next couple of days. The article states in part:

> For various reasons, wage-price controls have not been working, especially since the shift to phase III in January, 1973, and ought to be scuttled so that the free market can operate again without the restrictive harness that has exacerbated supply problems—one of the roots of the present horrendous double-digit inflation trend.

Mr. President, I am looking forward to the debate on the proposal to extend standby powers to the President. I am going to be one of those who strongly opposes doing so. I think we have a clear record of failures under controls. I do not think it is wise to continue controls in view of the experience we have had. I think there are alternatives to meet the kind of inflation we have, heavily concentrated in energy and food. We cannot expect to control inflation by price

and wage controls when we have an irresponsible attitude toward spending and taxes.

Mr. President, I ask unanimous consent that the article to which I have referred may be printed in the RECORD at this point.

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

CLASH ON TAXES AND CONTROLS

(By Thomas E. Mullaney)

Another classic confrontation may be erupting between the Congress and an incumbent Administration over national economic policies in this era of high inflation and increasing employment—or it may all turn out to be no more than political maneuvering keyed to next November's elections.

The potential clash, which has been simering for some months with the growth of public furor over the intolerable level of prices, burst into the open last week when a large number of Senate Democrats indicated they favored a last-minute reprieve for some form of the economic-controls program, scheduled to expire completely two days hence. At the same time, more vocal support for a tax reduction was forthcoming from some legislators.

Both proposals seem highly inadvisable in the present atmosphere and probably are doomed to defeat, though anything can happen when tensions run so high as they are now over the unrelenting upward march of prices and services.

For various reasons, wage-price controls have not been working, especially since the shift to Phase 3 in January, 1973, and ought to be scuttled so that the free market can operate again without the restrictive harness that has exacerbated supply problems—one of the roots of the present horrendous double-digit inflation trend.

The proposal for a tax cut should also be consigned quickly to the inactive file because it is precisely the wrong medicine for an inflation-ridden economy at this time. It would serve to intensify the inflation problem without according any real benefits for the hard-pressed American public.

While a tax cut may seem enticing on humane grounds to provide financial relief, chiefly for the low-income group, it would really be a cruel illusion. It would tend to create bigger deficits in the Federal budget than now envisioned and reinforce the inflationary pressures in the economy that take so much out of everyone's pocketbook.

Even if a tax reduction were appropriate, it probably would be some time before it could wend its way through the legislative mill and would arrive on the scene when, hopefully, the economy is on an upward path again and inflation is receding from its current elevated level.

In any event, the slowness of the Congressional procedure for any action on taxes illustrates again the need for more flexible tax policies and a streamlined procedure for making changes.

In the judgment of most economists, a reversal of current economic trends should be underway soon—certainly during the second half of this year—albeit slowly.

Their optimism for an imminent turnaround is based on many factors: the end of the Arab oil embargo, fewer shortages of agricultural products and other materials, the basic strength of over-all consumer demand, the capital-spending boom by business and a diminished inflationary effect from the dollar devaluations in the last three years.

The economy has not been suffering from a lack of demand but rather from inadequate supplies. The latter situation seems well on the road to significant improvement and should not be complicated by a new injection of stimulus from the tax area that would tend to raise demand for so many goods.

Moreover, it should be noted that some $6-billion of potential additional consumer spending is being pumped into the economy at the moment with refunds to the public from the over-withheld taxes last year.

The principal objective of national economic policy should be control of inflation. It has become a pernicious disease that threatens the stability of our important thrift institutions, many lines of business, our whole financial system and the economic well-being of everyone.

As economist Alan Greenspan put it the other day: "We can't afford to fiddle around and tolerate high inflation any longer. We have run out of time and have got to tackle that problem right now if we are to bring the rate down to any meaningful, table level by 1976 or 1977. Unlike other countries, we have our important thrift institutions with over $300-billion in mortgages that are highly vulnerable to the impact of inflation and are already subject to disintermediation."

He was referring, of course, to the outflow of funds from the savings banks, savings and loan associations and insurance companies now going on because interest rates are so high elsewhere in the economy. A weakening of such thrift institutions could have devastating effects on homebuilding and home buying, where a recovery had been counted upon this year as one of the major props for an economic rebound.

What is clearly needed now is a firm rein on monetary growth by the Federal Reserve and on spending by the Government. This is apparently the only real solution—the classical one—that has been stressed in many periods of inflation, but it never seems to be applied long enough or vigorously enough to be allowed to work.

It is also imperative that the nation have the benefit of better statesmanship from the business world in the way of moderate price increases when controls die. And from labor in its wage demands. The economy, hobbled by lower production, higher costs and the biggest decline in worker productivity during the first quarter of this year since 1947, desperately needs to avoid further cost-push pressures.

The Fed, of course, has a particularly difficult role to fill. It must keep money tight but not so terribly restrictive that it pushes interest rates significantly higher and thus aborts the economic recovery that most economists are anticipating for the second half of this year.

It was certainly clear last week that the Fed intends to be tough. Arthur F. Burns, its chairman, indicated an iron-willed determination to come to grips with the inflation problem at a news conference last Monday. Then the central bank let it be known that it will roll over its bills at the average price that the market itself sets instead of actively submitting its bids. Then, on Wednesday, it pushed the discount rate up ½ point to a record high of 8 per cent.

Those three developments attest to the Fed's willingness to take still-higher interest rates in the effort to dampen inflation. In the meantime, the prime bank rates and other interest rates have been rising to new peaks too. How much further will they all go? And how long will the Fed tolerate risings rates and run the risk of so much turmoil in the financial markets, housing and industry in general?

The Fed's role must be accompanied—and helped—by restraint on spending by the Government.

Although the Nixon Administration remains confident that the Federal budget deficit in the year ending June 30 will be held down close to the $4.66-billion estimated earlier, some other analysts are skeptical. They believe the red ink will turn out to be somewhat greater in the current fiscal year and in the next one beginning July 1. The predicted deficit for the 1975 fiscal year had been $9.4-billion.

After the first nine months of the current fiscal year, the Treasury's deficit stood at more than $13-billion, but officials are hopeful that tax collections this month and in June will lower the deficit closer to the original estimate. That could turn out to be excessively optimistic if the economy does not soon develope considerably more bounce.

The present frightening and ominously threatening inflation course must be changed promptly and resolutely, lest it lead to tragic consequences. And that can only be accomplished through unrelaxed discipline on spending and monetary matters in the Congress, within the Administration and at the Federal Reserve. The nation can ill afford political solutions to its massive economic problems.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of routine morning business for not to exceed 15 minutes with statements limited therein to 5 minutes.

ORDER FOR RECOGNITION OF SENATOR PROXMIRE ON THURSDAY

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 senior Senator from Wisconsin (Mr. PROXMIRE) be recognized for not to exceed 15 minutes.

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

ORDER FOR SENATE TO CONVENE AT 10 A.M. ON TUESDAY, APRIL 30, 1974

Mr. ROBERT C. BYRD. Mr. President, has the hour for convening tomorrow been set?

The ACTING PRESIDENT pro tempore. It has been set at 10 o'clock tomorrow morning.

Mr. ROBERT C. BYRD. I thank the Chair. It is my understanding that the first 2 hours tomorrow will be set aside for statements in connection with a National Day for Prayer. Am I correct?

The ACTING PRESIDENT pro tempore. The Senator is correct.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW AND FOR CONSIDERATION OF UNFINISHED BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at 12 o'clock noon tomorrow 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 Sen-

ate resume consideration of the unfinished business.

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

SENATOR JAVITS' CONSTRUCTIVE SUGGESTIONS FOR A MORE RESPONSIBLE CONGRESS

Mr. PROXMIRE. Mr. President, last Saturday the Senator from New York (Mr. JAVITS) spoke at a Ripon Conference Society in New York City where he made a series of refreshing, innovative, and responsible suggestions as to how Congress itself might carry out its constitutional prerogatives in a constructive way.

Senator JAVITS did not propose that Congress become more effective by merely taking back power that many feel the Executive has been given or has usurped from Congress. Instead he suggested a series of means by which Congress can do far more with its existing institutions plus a few changes, so that it can do its job properly.

After citing the passage of the war powers bill and the new budget control bill, the Senator from New York proposed that:

First. The President report each year the steps he has taken to implement laws passed by Congress, and that he should answer questions proffered on this subject by congressional committees.

Second. The Speaker of the House reply for Congress at a joint session to the state of the Union message, making constructive proposals on what needs to be done.

Third. Congress by resolution vote on whether it is "satisfied" or "unsatisfied" with respect to executive action to implement recently passed congressional laws.

Fourth. Congress establish legislative liaison oversight offices to see to it that executive agencies carry out the will of Congress.

Fifth. Each House strengthen its rules to require complete disclosure of the financial situation of Members and candidates for Congress.

Sixth. Congress strengthen the Freedom of Information Act to encourage more disclosure and that it define with more precision the term "national security" so that that term is not abused.

Finally seventh, that Congress prohibit the use of electronic surveillance, and prohibit all wiretaps without court order.

Many of these proposed reforms draw on the experience we have had under the Employment Act of 1946. The President is required to submit his annual economic report. Congress holds hearings, listens to members of the executive branch, calls in outside experts, and then makes its own report on the economy. This has worked well.

The Senator from New York is proposing similar action with respect to other fields. He is proposing to make Congress stronger but to do it without limiting the authority and power the President now has.

These are most constructive proposals to help fulfill Congress responsibilities and obligations under the Constitution.

I commend them to the Congress and to the public and ask unanimous consent that the full text of the speech "Building National Institutions for the Future" be printed in the RECORD.

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

BUILDING NATIONAL INSTITUTIONS FOR THE FUTURE

(By JACOB K. JAVITS)

An opportunity to address the Ripon Society would always be welcome to a Republican who has long been associated with the party's progressive tradition. But this particular occasion bears significantly on what I want to say to you and to the American people. Your conference theme is *Building for the Future;* and that's my theme too. I feel strongly that in order to provide a solid foundation for that future, we must apply the sometimes painful lessons of the past to the decisions we make about the way we wish to govern ourselves today and tomorrow.

During these last months we have seen the investigating powers of Congress gather force. We have seen the beginnings of an impeachment inquiry into the conduct of the President of the United States. The daily headlines focus on the drama of today and the consequences to be anticipated tomorrow.

But the business of government will continue; and I believe that even as the impeachment inquiry draws to its conclusion, we must take the first steps that will prevent the recurrence of similar tragedies in the future. We must break new ground—find new ways to establish Congress solidly in its constitutional role as the maker of law and the protector of the rights of the people.

I have served for twenty-six years in the Congress, first in the House of Representatives and then in the United States Senate.

I am a man of the Congress. Whatever I have accomplished in public life has taken place within that body and I believe that it is potentially the highest expression of what's *right* about the American political process.

But, for a full generation, circumstances have been such as to cause Congress to acquiesce in the gradual loss of its powers and to surrender many of its responsibilities. We have been too ready . . . even too willing . . . to delegate the people's representation . . . that which could not be delegated, to surrender that which we had no right to surrender.

For the past thirty years, the pressures of world war and international depression . . . the presence of instant communication, the potential for atomic destruction, caused us to abandon much of our authority to the President of the United States. It is almost embarrassing to recognize that in an era in which the United States has struggled against brutal totalitarianism, we have lodged of our own free will more power in a single individual than does any other system of government that functions today. The time has come to restore the balance.

We are at the beginning of a struggle to revitalize democratic institutions and constitutional processes. The impact of Presidential war and the Watergate scandals has forced us to reassess the direction in which we have been moving for the three decades since World War II; that capacity for reassessment is at the heart of the country's finest tradition. We can be proud to be citizens of a Republic in which the first order of public business is to see to it that all men are subject to the processes of law, whatever the cost in personal embarrassment and discomfort.

I don't know of any other country in the world where the people would insist on a thoroughgoing examination of wrongdoing in the highest places, such as the one we're going through now. We DO insist on it because we know that the worth of our institutions hinges on the faith of the people that *each one of us is subject equally to law.*

But even as we undergo this grand inquest . . . and make no mistake . . . EVERY American is undergoing it . . . we must look at some of the root causes of our troubles and amend our rules if we are to avoid them in the future. If we have come close to the extinction of the moral authority of the Federal Government because of our failure to care for our institutions, we must RESTORE the authority by our willingness to take the necessary risks to reestablish its legitimacy.

One of the great virtues of our system of government lies in the fact that it enables us to examine and rectify past errors without destroying the political process or the constitutional framework which serves freedom. I am convinced, in fact, that we can strengthen that process by reading the Constitution in the light of the *past* and applying it in accord with the needs of the present and the future.

Watergate, its moral implications aside, was a symptom of political decadence. Lord Acton's aphorism that "power corrupts and absolute power corrupts absolutely," applied to the enormous powers of the Presidency, is as valid today as it was then. For Congress . . . unwilling to accept risk-taking responsibility . . . has been much too weak for the past thirty years and far too often it has been even impotent in asserting its will against executive encroachment. I believe also that the price we have paid has been far too high. The death and maiming of tens of thousands of our young in Viet Nam, the Watergate scandals and the shadow of impeachment are expressions of an almost grotesque imbalance of power. If we are to avoid in the future what Senator Buckley has called the "crisis of the regime" we must effectively restore the Constitution to the center of our institutions.

I believe that even as the turmoil of Watergate reaches a climax, even as the headlines proclaim congressional unpopularity, congressional ineptitude, congressional fear . . . *Congress has begun to restore a constitutional balance of its own authority* to the executive power.

Historians of the future will mark, I feel, the passage of the War Powers Resolutions of 1973 over the President's veto, as the first step in the Congress' reassertion of constitutional power. I take great satisfaction in having authored that resolution, for it put the stamp of the twentieth century on the constitutional directive that the United States will make war only when Congress *authorizes* war. For too many years Presidents ignored that requirement and Congress acquiesced in the emasculation of its authority. In the War Powers Resolution we regained the power over war and at the same time reasserted the inviolability of the Constitution. With this veto override the institutional structures of Congress have begun to work. We have begun to harness our resources, to assert ourselves as the supreme lawmaking body of the land.

For too long we in Congress tended to take our cues from the other end of Pennsylvania Avenue. We waited . . . if not for instruction then certainly for direction; and the direction was well on the way to becoming dictation. The War Powers Resolution was the first step on a long road back.

But Congress must, if it is to be an effective instrument of government, recapture ALL of the powers it has permitted to atrophy for at least a generation.

The Budget Control Bill, now in conference, can be yet another step in the right direction. For it will assure us of a rational instrument whereby we can know how much money is available to the Federal Government before we plan its expenditure. Adequate congressional staffing and computerization will enable us to go about the business of budgeting and appropriating much more efficiently.

A number of other reforms in the way we do congressional business are now before the Committee on Reorganization. The sooner we pass them the better. I contend, however, that we must do more!

Article 1, Section 1 of the Constitution directs that "all legislative powers herein granted shall be vested in a Congress of the United States." ALL legislative powers, not SOME. And what role does the President have when it comes to the law? In Article 2, Section 3 the Constitution directs that "he shall take care that the laws be faithfully exceuted." Again . . . ALL, not just SOME.

But what have we seen over the years? The President, as prescribed by the Constitution, delivers a State of the Union message in which he outlines a legislative *program*. He follows up that message with a series of specific legislative proposals. His representatives articulate the Executive Branch's conception of what laws are necessary. The Chief Executive himself discusses his legislative proposals in press conferences. On occasion he chastises Congress for not considering or passing his legislation. Congress responds . . . either positively or negatively . . . but it RESPONDS . . . it rarely, as an institution, INITIATES. That is not the way the machinery was supposed to work and it is not the way it SHOULD work.

Presidential initiative is sound enough . . . constitutionally appropriate. But there is nothing in the Constitution that requires congressional passivity. Rather, Congress is required to exercise "all legislative powers." I suggest that now is the time to take a careful look at the extra-constitutional dimensions that have slipped into the way we govern ourselves. It is time to dismantle those that are undemocratic and to add some others that will help to restore congressional power. For this is no battle of the politicians. *Congressional* power is *people* power. The 535 men and women who sit in the House and Senate are closer to their constituents and more responsive to their wishes on a day-to-day basis that the single man or woman who may sit in the White House.

In our time we have arrived at a situation in which government decisions have assumed a central role in the lives of the American people. The obligation of the Federal Government to assure maximum employment, fight inflation, decide on war and peace, these and a thousand things more, affect each of the over 200 million of us, more intimately than the Constitution makers could possibly have envisioned.

In the age of the communications revolution, government decisions are transmitted instantly. The business of government is described in detail and the communications media look for ways to transmit their information more effectively . . . with most drama, with most symbolic weight. Thus . . . the President as Monarch . . . as Commander-in-Chief . . . as the symbol of nationhood. Some of this is natural and to the good. But to the degree that it has encouraged excessive power in one branch of government . . . to the degree that it has stimulated a belief in one man as the embodiment of the nation . . . we have all suffered: the Congress, the Presidency . . . and . . . the people.

The State of the Union message was conceived as a meeting of colleagues, during which one person transmitted his views to a group of people with equivalent responsibilities. What we have transmitted by television tube in the State of the Union, however, is . . . quite simply . . . the visual equivalent of the "message from the throne."

Who can blame Presidents for seeing themselves as monarchs? Who can blame Senators and Representatives for paying court? They see the image of those roles in the still photographs and the news accounts projected daily and hourly round the world. They are fortunate enough to live in the richest, most powerful country in the world and the drama of the individual who wields its executive power is played out in a larger-than-life pageant . . . whether it be in the Kremlin or at the Great Wall of China or . . . alas, at Watergate.

As the Presidential figure grows in grandeur . . . the congressional presence diminishes even in its vision of itself. The Republic takes on the trappings of empire and the Senators pay court to the great elected Caesar. It is time to temper the drama. It is time for the *interaction of equals*.

I propose that a series of measures be considered as an overall legislative design to make Congress do the work it is obligated to do and to assure that the Executive Branch is responsive to its constitutional obligations and also to the restrictions imposed on it by that Constitution. I propose that Congress reestablish itself as a truly coordinate branch of the United States Government.

Before this session of Congress adjourns I shall introduce with other Senators legislation designed to assure the reform of national institutions, a National Institutions Act to assure that Congress takes the initiative in establishing the legislative needs of the country; that the President and his agents are encouraged to see to their constitutional obligations "that the laws be faithfully executed"; and that executive accountability for that execution of the laws is rendered into reality.

I propose, (1), that the President of the United States shall report annually to Congress on the steps he has taken to implement laws and resolutions passed by Congress during its last session; that he and the heads of the Executive Departments—the Secretaries of the Cabinet—shall respond to questions proffered by a Joint Select Committee chosen by both houses of the Congress.

I propose, (2), that the Speaker of the House of Representatives reply on behalf of the Congress, in an equivalent joint session, to the President's State of the Union message with a Congressional State of the Union message; that such reply be based on a congressional resolution that is to include a congressional assessment of legislative priorities and a statement of intent as to the manner in which Congress will deal with those priorities; that such reply include congressional *recommendations* to the President as to such action which he might take to deal with the specific national agenda recommended by the Congress.

I propose, (3), that Congress shall vote itself "satisfied" or "unsatisfied" with regard to executive action in implementing the laws passed by Congress; that a vote of "unsatisfied" shall be accompanied by a resolution directing such steps as are necessary to comply with congressional design.

I propose, (4), that Congress establish by law legislative liaison oversight offices within each Congressional committee to serve as a continuing link with the executive department or offices over which the committee has legislative oversight analogous to the liaison offices of the respective government departments with the Congress. These new offices will implement congressional intent as to legislation passed by the Congress and will serve as the relevant committee's arm in its efforts to see that such legislation is effectively transmuted into functioning law and regulation.

I propose, (5), that each house of Congress strengthen its rules so as to require complete disclosure of the financial assets and liabilities of each member and candidate for membership in the Congress as well as income tax information relevant to the public business. In addition, the same disclosure rules should apply to the President and Vice President and candidates for those offices; that each house clarify its rules on the use of material affecting national security; that Congress itself enact legislation to define with precision the *term* "national security" and set standards for the classification and declassification of government documents.

I propose, (6), that Congress strengthen the Freedom of Information Act to encourage more complete disclosure and DISSEMINATION of all information relating to government activity that is not circumscribed by new guidelines embracing precisely defined consideration of national security.

I propose, (7), that Congress prohibit the use of electronic surveillance, prohibit *all* wiretaps without court order; that Congress protect the right of privacy, so cherished by Americans, which has recently been threatened by increased use of computers, data banks and the exchange of confidential information within the government.

I am fully aware that these proposals are far-reaching and controversial. They go to the very essentials of the way we govern ourselves.

But, I believe that now is the time to concern ourselves with essentials.

Some will note the element of risk; that the ultimate effect of these measures will be determined only by long application.

I believe that we are about to celebrate two hundred years of risk-taking on behalf of great achievement, that the strengthening of the Republic is worthy of risk.

Others will contend that these proposals appear to shift the balance of governmental power from the Presidency to the Congress. I believe, however, that these measures only restore the constitutional processes to that state in which they were intended to function; and that if we are to survive and prosper as a Republic, Congress must reassume its role as a co-equal branch of government.

By reforming our institutions today we shall save them tomorrow.

In his recent book, *The Anguish of Change*, public opinion analyst Louis Harris wrote that "the public is far more sophisticated, far more concerned, and far more advanced, than the leadership believed." Harris said that although "there were those who admitted no flaws in the system . . . the shape of the future deeply concerned and would be shaped by the 85 per cent who wanted DESPERATELY to find orderly change. The changes they wanted were not always clearly spelled out. It was always easier to say what was wrong than how to right it. People were convinced however that change COULD be found."

I believe that Lou Harris is right about the sophistication and the concern of the American people; and I believe that the American people are right about the need for orderly change. Let us begin to make those changes in the way we govern ourselves. Let us begin to build for the future . . . now.

THE CHALLENGES OF ECONOMIC DECONTROL

Mr. PERCY. Mr. President, on May 1, the economy will be free again for the first time in more than 2½ years. This

new freedom cannot be allowed to go to our heads; it is the signal not for an economic free-for-all but for a new commitment by American business and labor to responsible economic behavior.

Two-digit inflation, astronomical interest rates, and danger of a real recession and plummeting productivity are signals of an economy in deep trouble. There are no simple, quick solutions—no instant snacks to pop off the shelf to satisfy this Nation's craving for economic stability. Extension of the wage-price controls, or quickie tax cuts just will not do the job.

Although I regret this has become a partisan issue, I strenuously disagree with those on the other side of the aisle who propose a tax cut. That would be disastrous in feeding the fires of inflation. Our need now is for a total national commitment to restraint and responsible action.

Businesses must exercise greatest restraint in price increases. The long-awaited price "bubble" that is widely expected to result from price decontrol should be taken not as an inevitable fact to be borne with forbearance, but as a challenge. I suggest to American industry that an appropriate measure of success in the next few quarters not be the health of profit-and-loss statements, but the extent to which companies can stabilize and even reduce prices of their products.

The standard of achievement for union leadership for the next several quarters should not be how much illusory new "spending power" they can bring back to their members as a result of wage bargaining. Instead, it should be wage packages that reflect real productivity performance.

Productivity poses a special challenge. The drop in GNP in the first quarter in part accounted for a drop of 5.5 percent in national productivity. Productivity growth rates are the most essential ingredient in a nation's economic health. They are the base on which real economic growth, price stability, and wage increases rest.

I call on American business and labor to join now in creating productivity councils to operate on the plant floor, in plant after plant, throughout American industry to increase efficiency, productivity and innovation. Labor should receive directly the rewards of increased productivity through productivity bonus and profit sharing plans. Information on creating such councils is readily available from the National Commission on Productivity. Many companies have experimented with them. They must become the norm in American industry, not the exception.

The day when organized labor demands more and gives less must end. The day when management does not resist cost increases and merely passes them on to the consumer in higher prices must also end.

The coming months hold a special challenge for this country's political leaders. We must avoid the temptations of neatly packaged, fast "solutions." Wage-price controls should not be continued in any form. We must particularly make clear to the American people that we are not entering just another "phase" of economic freedom, perhaps to be followed not so far down the road by another period of controls. The great danger in this would be to cause price and wage increases in anticipation of a new "phase" of control. We have got to make clear that we are scuttling mandatory controls for the longer term. Only if we do so can we prevent continued destabilizing wage and price behavior.

We are all in this together. Though we face very rough economic times, there are signs of hope. The unemployment rate has slightly declined. The toughest phase of the energy crisis is past without having done crippling harm to the economy. Business investment is strong and will provide the productive base on which new stability can rest. The best response now is a united commitment to responsible behavior, and a new dedication to cooperative labor/management efforts to create an upsurge in the productivity in this country's human and material resources.

In closing, I would simply like to say to our beloved majority leader that I am deeply concerned about the debate which we will begin this afternoon on the question of extending wage and price controls. The effect of debate in the Congress today, at this late hour, can be to stimulate organized labor to get wages up, and industry to raise prices, before controls are reimposed.

The time has come for us to come to a decision, and come to it decisively. Controls have been disastrous in the past. Look what happened when we tried to freeze meat prices. Look at the crippling impact on domestic supplies of raw materials. The effect of controls has been seriously to weaken the basic functioning of this economy.

We should learn from experience. If we put controls aside and rely on labor and management to exercise restraint—restraint by Congress as well as by labor and management—we can return to stability and a free market. We need stability to stop the ravenous inflation that is eating away at the life savings and diluting the incomes of so many American families.

Mr. MANSFIELD. Mr. President, I listened with interest to what the distinguished Senator from Illinois has suggested, but I would like to propound a series of questions, and all I want in return is a yes or no answer.

Is it correct to say that, on the basis of the first 3 months of this calendar year, a rate of inflation exists today of 14.5 percent?

Mr. PERCY. That is correct.

Mr. MANSFIELD. Is there any indication that the rate of inflation has decreased during the present month of April?

Mr. PERCY. There is no indication of that whatsoever.

Mr. MANSFIELD. Is it true that the dollar at the present time, just today, has reached the lowest point overseas since November last?

Mr. PERCY. That is correct.

Mr. MANSFIELD. Is it true that there has been a 5.5 percent decrease in the productivity of the American worker over the past quarter?

Mr. PERCY. That is correct.

Mr. MANSFIELD. Is it not true—this is an encouraging sign—that the rate of unemployment has decreased from 5.2 percent to 5.1 percent?

Mr. PERCY. That is correct. It has remained relatively stable at that figure.

Mr. MANSFIELD. What is the status of the stock market today? Is it up or down? Before the Senator answers, I own no stocks.

Mr. PERCY. The stock market is not well today. The price-earnings ratio today is 8 or 9 times on the leading indices, as against 14 or 15 times a year ago. The stock market for every widow, orphan, family, everyone who owns stocks, has been disastrous in this past year.

Mr. MANSFIELD. What is the prime rate of interest?

Mr. PERCY. At one bank it is 11 percent. In most others it is 10½ to 10¾ percent, but the tendency is up rather than down.

Mr. MANSFIELD. All I can say is that at midnight tomorrow all controls will go off. What the Muskie-Johnston-Stevenson proposal seeks to do is to set up a standby price control responsibility which would be administered by the President or by an agency which he designated, or by both.

There has been a tendency to allege that this is a political move on the part of the Democrats. I deny that as strongly as I know how. The point is not to shift the burden to the President because he is one man who can operate responsibly whereas 535 in the Congress cannot; but the figures have been laid out, the story is stark, inflation is here, and we do face a crisis. Perhaps this country is in a recession at the moment. I do not know, but if we are not, we are very close to it.

I want to thank the distinguished Senator from Illinois for answering the questions raised succinctly and to the point. I think they carry a lot of weight because of the outside business experience which the Senator from Illinois has had as president of Bell and Howell, one of the big business concerns in this country and in that field.

Mr. PERCY. Will the distinguished majority leader yield for just one question?

Mr. MANSFIELD. I yield.

Mr. PERCY. Is it true that during this period of highest inflation, highest interest rates, rampant inflation, one might say, we have had a full panoply of controls enacted by the Congress and enforced by the administration——

Mr. MANSFIELD. But——

Mr. PERCY. To the best of its ability?

Mr. MANSFIELD. I would point out that when the administration put in controls for the first time, the inflation rate was around 4 percent, as I recall. Tomorrow, at midnight, all controls go off, including health services, construction industries, and others, and, on the basis of the proposal to be offered, they would be on a standby basis for the executive branch of the Government to proceed in the future to keep a tight lid under the controls.

Now, business profits have been exorbitant in some fields. Labor, on the other hand, has been restrained over the past 2 years. It is entitled to some consideration. I understand it wants controls off. Business wants controls off. But I wonder when we are going to give some consideration to the people. After all, what is the retiree, the fellow living on a fixed salary, going to do with his fixed income with the present 14.5 inflation rate, which is still rising?

Mr. AIKEN. Mr. President——

Mr. PERCY. Mr. President, is time available for the Senator from Illinois to get 2 minutes on the subject?

Mr. MANSFIELD. If there is not, the Senator from Vermont can be recognized.

Mr. AIKEN. Mr. President, I want to speak on my time, but I hope we can get——

The ACTING PRESIDENT pro tempore. Time for morning business has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be extended 5 minutes and that the time be allocated to the distinguished Senator from Vermont.

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

Mr. AIKEN. Well, I will ask my questions first, and then if there are 2 minutes left, I will yield to the Senator from Illinois.

How does the rate of inflation in this country over the past few months compare with the rate of inflation in Canada?

Mr. PERCY. My impression is that the rate of inflation in America since World War II has been under that of the industrialized nations, but in the last period of 3 months we have jumped ahead of almost all other industrialized nations.

Mr. AIKEN. My information may be different, but how does the rate of inflation in this country compare with that of France, Italy, Germany, and Japan? Have we zoomed ahead of them?

Mr. PERCY. In the last few months, we have been actually running a close second to all other industrialized nations—if not the first. Some have been up to 19 percent.

Mr. AIKEN. How about Japan? Is there more inflation, percentagewise, in Japan than in the United States today?

Mr. PERCY. Inflation in Japan is running as high as 30 percent at present.

Mr. AIKEN. Would you say there is more unemployment in the United States today than in Japan? I do not have the figures. But I understand that the United States is not alone in a somewhat unfavorable economic situation. All the rest of the world is also troubled.

Mr. PERCY. Anyone would know, including the distinguished Senator from Vermont, that even though misery does love company, we can take little comfort in saying that, relatively speaking, it is not so bad for us compared with other countries.

We all know how ruinous inflation is. The Senator himself asked how people on a retirement income propose to live with a 15-percent decrease in real buying power.

Mr. AIKEN. I assure the Senator from Illinois that I will live OK with what I have paid for——

Mr. PERCY. Very few Americans, particularly politicians, are as frugal as is our friend, the distinguished senior Senator from Vermont.

Mr. AIKEN. On the other hand, there is a general feeling that the President would be better able to deal with the situation than the Congress. Is that true?

Mr. PERCY. Congress and the President must share the responsibility. Congress must take its share. But most certainly this, and previous administrations, have not been free from contributing to the problem.

Mr. AIKEN. Under the amendment that I understand will be offered later today by the Senator from Maine (Mr. MUSKIE) and other Senators the responsibility for maintaining a strong economy would be transferred to the President. Is that not correct?

Mr. PERCY. The Senator is correct. The whole burden will be put on the back of the President, and he will be damned if he does and damned if he does not.

Mr. MANSFIELD. But if we do not do this, we do nothing. Is it worse to do something, or worse to do nothing and thus allow inflation to zoom through the roof?

Mr. PERCY. Mr. President, if the Senator from Illinois could have the remaining time reserved from the Senator from Vermont, he would be grateful.

Mr. AIKEN. Inflation is becoming a very difficult problem for the President and will be very difficult for future Presidents, I am sure.

Mr. PERCY. It could not be much worse than it has been. We have had wage and price controls and will have them right up until midnight tomorrow night.

Mr. ROBERT C. BYRD. Mr. President, if the Senator will yield, the "stick in the closet" has not been used.

Mr. PERCY. It has been used in a variety of fashions, in phases I, II, III, and IV, including two "freezes."

Mr. ROBERT C. BYRD. No, no, not after phase II was prematurely lifted.

Mr. PERCY. Wage and price controls may have worked for a very limited period of time, but then they became grossly unfair. Labor and management have become ingenious in finding ways to get around them, and the controllers were notable to deal with all of the ramifications of controls on an economy as giant as ours.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that another 5 minutes be added to the morning hour, because this debate is most interesting. We are talking about a most interesting domestic problem, one which affects the pocketbooks of the citizens.

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

Mr. AIKEN. Mr. President, I wanted to ask the Senator from West Virginia, Whose closet is the stick in?

Mr. ROBERT C. BYRD. I am talking about the President's comment that there was a "stick in the closet" and that he would use it in phases III and IV. The stick was not used; therefore, we cannot say that we have had controls and that they do not work and will not work if properly used.

I am not in favor of controls if the free market forces can operate properly and freely. However, it is one thing to say that we have controls and that they have not worked. It is quite another thing to say that they have not worked because the "stick in the closet" was not brought out of the closet and used to make them work.

Mr. PERCY. Mr. President, I thank the distinguished Senator. The stick has been used. We went all the way in some sectors. We froze meat prices, for example. Then we came back and froze them again for a period of 60 to 90 days. The result was utter disaster: shortages, reduced production, emptied supermarket shelves. Beef producers are still struggling to adjust to the dislocations of that unfortunate action.

Mr. ROBERT C. BYRD. Mr. President, if the Senator will yield further, at first the controls worked admirably, beginning in November 1971, through 1972, and into January 1973. They were then prematurely lifted by the administration. Why should they not have been retained? If they had been retained, perhaps there would not have been the inflationary situation we now have.

Once they were lifted, however, phase III came on, and for a period of some months the administration dawdled and tarried and dragged its feet while prices shot upward. Then came phase IV. There was that "stick in the closet" which the President said he would use. However, the closet door has never been opened. The stick might have worked. Perhaps controls would still be effective if they had been applied properly.

Mr. AIKEN. Mr. President, if the Senator will yield, the Senator from Illinois must realize that the orders received by the machine tool industry, which is perhaps the best indicator of our general economy have reached an alltime high.

I ask to have inserted here reports from this morning's Wall Street Journal and the Journal of Commerce setting forth the favorable machine tool order situations.

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

[From the Wall Street Journal, Apr. 29, 1974]

MACHINE TOOL ORDERS SURGED 47 PERCENT IN MARCH—BOOKINGS, AT $322.8 MILLION, HIT HIGH; DEMAND FROM AUTO PRODUCERS IS CITED

Machine tool orders in March soared to record levels, 47% above February's strong performance and 30% higher than March 1973. Builders of these key capital goods report continued strong orders in April.

Buoyed by a spate of orders from auto producers for equipment to produce small engines, March machine tool bookings totaled $322.8 million, the highest monthly total since the National Machine Tool Builders' Association began keeping combined cutting

and forming-type machine tool records in 1956. February orders totaled $219.8 million and March 1973's total was $247.5 million.

April orders probably won't equal the March total, some industry executives say, but they will equal or exceed the relatively strong order pace of previous months. And the outlook for coming months appears favorable, they add.

March orders for lathes, milling machines, boring mills, machining centers, grinders and other machines to shape metal by cutting rose to $255.8 million, up 47% from $171.4 million in February and up 50% from the $170.8 million of March 1973, the association reported.

Orders for metal-forming presses and other machines to shape metal with pressure totaled $67 million last month, a 46% gain from February's $45.8 million, but 13% below the $76.7 million of the year-earlier month, the association said.

USED MACHINES SET RECORD

Following the same pattern, March sales of used machine tools set a third straight record, the Machinery Dealers National Association, another trade group, said. Sales of used machines rose 8.4% from February and 32% from the year-earlier month, the association said.

"Customers and dealers alike are having an awfully tough time finding late-model machine tools," says Samuel H. Lohn, president of Lohn Machinery Co., Chicago. "Most of the dealers I know are spending more than half of their time in locating machinery."

Buyers of new machine tools are also having a harder time because most machine tool builders have backlogs that will keep them busy through the rest of 1974. Waits of more than a year for major machines aren't uncommon.

The efforts of auto makers to expand small-car production were responsible for most of the order bulge in March, machine tool producers say. The Chevrolet and Pontiac divisions of General Motors Corp., and American Motors Corp. all placed substantial orders for equipment to increase small-engine capacity. Some orders for equipment to make manifolds, bearings and other accessories carried over into April, the machine tool builders report.

But the basic strength in the machine tool industry is much broader than these small-car programs. Cross Co., Fraser, Mich., for instance, reports "quite a bit of farm equipment business," as well as automotive. F. Jos. Lamb Co., Warren, Mich., received orders from off-the-road equipment manufacturers, along with bookings for equipment to make auto transmissions. The energy situation is producing strong orders from producers of electric-generating equipment and other energy related industries, adds Ingersoll Milling Machine Co., Rockford, Ill.

"ANOTHER OUTSTANDING MONTH"

"April has been another outstanding month," says Ralph J. Spresser, vice president, sales, of the National Acme division of Acme-Cleveland Corp. "For us it was comparable to March. This time the orders were more spread out in such things as hydraulic and air fittings and bearings, as well as automotive. We are very pleased with the pattern," he says.

Machine tool shipments also picked up last month, reaching $176.9 million, which equaled the record set in December 1967, the national machine tools group said. The total was 32% higher than February's $133.8 million and almost 32% above March 1973's $134.2 million.

	March 1974	February 1974	March 1973
Comparative net new orders for metalcutting machines:			
Domestic	$219,350,000	$149,250,000	$149,100,000
Foreign	36,400,000	24,800,000	21,700,000
Total	255,750,000	174,050,000	170,800,000
3-month total for 1974, $599,350,000; for 1973, $426,000,000.			
Metalforming machine orders:			
Domestic	56,950,000	38,050,000	72,050,000
Foreign	10,050,000	7,700,000	4,650,000
Total	67,000,000	45,750,000	76,700,000
3-month total for 1974, $154,550,000; for 1973, $206,000,000.			

	March 1974	February 1974	March 1973
Comparative shipment figures for metalcutting machines:			
Domestic	$110,950,000	$86,300,000	$83,950,000
Foreign	18,450,000	9,550,000	14,850,000
Total	129,400,000	95,850,000	98,800,000
3-month total for 1974, $309,350,000; for 1973, $239,350,000.			
Metalforming machine shipments:			
Domestic	40,600,000	33,050,000	33,550,000
Foreign	6,850,000	4,900,000	1,800,000
Total	47,450,000	37,950,000	35,350,000
3-month total for 1974, $123,900,000; for 1973, $91,200,000.			

[From the Journal of Commerce, April 29, 1974]

SHIPMENTS OF MACHINE TOOLS RISE

The machine tool industry continued to experience a good level of business during the month of March, according to figures released by the National Machine Tool Builders' Association. During the month total industry backlogs grew to $2,395,000,000, it was revealed.

Shipments of new machine tools for the first quarter of 1974 reached a total value of $433,250,000. Total shipments for the month of March exceeded comparable 1973 levels by 32 percent, reaching a value of $176,850,000. This also represents a 32 per cent rise over shipments during February 1974, it was noted.

As measured in current dollars, the preliminary figure for March shipments equals the previous record shipment month—December 1967.

Net new orders for machine tools reached a value of $322,750,000 during March—the highest monthly total since the Association began keeping combined cutting and forming type machine tool records in 1956. The March total represents a 47 per cent increase over February and a 30 per cent increase over March 1973 orders.

TOTAL NET NEW ORDERS

Total net new orders for the first quarter were valued at $753,900,000—a 19 per cent increase over the first quarter of 1973.

New orders for metal-cutting type machine tools totaled $255,750,000 during March. This represents a 47 per cent gain over the previous month and a 50 per cent increase over March 1973. For the first quarter, metal-cutting machine tool orders totaled $599,350,000, a 41 per cent increase over the same period last year.

Shipments of metal-cutting machine tools totaled $129,400,000 during the month, representing a 35 per cent increase over February and a 31 per cent increase over March 1973. For the first quarter, shipments were $309,350,000—up 29 per cent over the first quarter of 1973.

Mr. PERCY. That is true. That is an important area of our economy. That is why the Senator from Illinois opposes the proposed tax cut of $6 billion through an increase in the personal tax exemption. I cannot imagine anything that would be more politically desirous but economically disastrous than to feed the fires of inflation by pumping $6 billion of additional spending money into this overheated economy. Good signs, such as extremely high investment in machine tools and other new productive capacity is exactly why it is premature to conclude that the economy is in recession and we need a tax cut to stimulate it.

I think the economy is on an upswing. It was anticipated that wage and price controls would hold. However, the recent decontrols were felt necessary by the Cost of Living Council because capacity was being cut back in view of the concern over regulations. As the regulation began to take hold and the limitation of supply began to be foreseen, we were faced with the impossibility of doing anything really to control inflation. The real question is, How are we going to increase production and industrial efficiency, which is the only real basis for holding down costs?

I should like to mention four actions that I think are necessary to end the inflation binge. I think wage and price controls are disastrous. They have not worked. They should be allowed to die.

I am addressing the question because of our knowledge of human nature. If labor and management both feel that this period of decontrol is only temporary and that controls can be restored, the pressure is going to be tremendous to get wages up in the interim period when they are not under control, and to raise prices before the freeze or a new phase of controls is reimposed. This is only human nature.

We want restraint. That is the overall purpose of the Senator from Illinois in taking the floor. As I have indicated in my opening remarks, we should certainly not let this period when we are freeing the economy from controls be a period that is free from all restraint. I am calling for voluntary restraint, and I ask other Senators to join me in asking labor and management to join in cooperative efforts to increase America's productivity and restrain wage and price increases.

I feel that debate on whether we should extend wage and price controls would be self-defeating. I strongly urge that we establish the psychology that we are going to do away with controls, pursue a moderate fiscal policy, and put our own House in order by enacting budget reform that we have worked so long and hard on.

Mr. MANSFIELD. Mr. President, if the Senator will yield, what about the $5.2 billion that the administration has re-

quested for foreign aid? Which is more important?

The ACTING PRESIDENT pro tempore. The time for morning business has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I be recognized for an additional 2 minutes.

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

Mr. ROBERT C. BYRD. Mr. President, I yield to the Senator.

Mr. PERCY. Mr. President, I appreciate the comments of the distinguished Senator.

They should be carried on separately, and there may be certain areas of concurrence that we have on both sides of the aisle.

The third thing that should be done to fight inflation is the creation in every single plant in this country of labor-management productivity councils. We should not just take these increased costs and pass them on to the customer. Labor and management should sit down and say, "That is self-defeating. Every time we increase our costs and prices, we detract from the real income we are trying to create through wage increases." There needs to be a new cooperation between labor and management.

Fourth, I think we need a restoration of confidence in the leadership in this country, because buyer confidence and the confidence of all of us in investing in the future comes from the confidence we have in our leadership, and we have a great responsibility in Congress to see what we can do to settle these matters as quickly as possible so that there can be a national and international restoration of confidence in our leadership. Certainly Congress has a great obligation to act responsibly in the light of the given facts, and I trust we will face up to that responsibility, just as we expect labor, management, and the Executive to act responsibly in these critical times.

I thank my colleagues.

The ACTING PRESIDENT pro tempore. The period for the transaction of routine morning business has again expired.

NATIONAL NO-FAULT MOTOR VEHICLE INSURANCE ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume the consideration of the unfinished business, S. 354, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 354) to establish a nationwide system of adequate and uniform motor vehicle reparation acts and to require no-fault motor vehicle insurance as a condition precedent to using a motor vehicle on public roadways in order to promote and regulate interstate commerce.

MR. MANSFIELD. Mr. President, is there a time limitation on the pending business?

The ACTING PRESIDENT pro tempore. Only until the hour of 3 p.m. to 3:30 p.m. on Wednesday.

The Chair is in error; 3 p.m. to 3:30 p.m. today.

Mr. MANSFIELD. Will the Chairman yield me 2 minutes to speak outside the parameters of the bill?

Mr. MOSS. I yield.

INFLATION

Mr. MANSFIELD. Mr. President, I want to state something which cannot be gainsaid. The rate of inflation in this country today is 14.5 percent or more, going on the figures of January, February, and March of this year.

The rate of productivity loss on the part of the American worker is 5.5 percent so far this year, I believe. The stock market is down. The balance of payments is adverse. The dollar is at its lowest point since last November, and very few industries are under control today.

Those industries which are under control will go out of control at midnight tomorrow. So at midnight tomorrow there will be no controls left on any segment of the economy that I am aware of. The Muskie-Johnston-Stevenson proposal would set an initial date of May 1 if the bill becomes law. It would operate on a standby basis. It would apply to all segments of the economy, not just a part, as at the present time; not in just a few areas, as is the case at the present moment.

No one likes controls. I do not like them. But I like inflation a good deal less.

I think the people are entitled to some consideration in this area, because they are the ones who are being hit, they are the ones who are needing help, and they are the ones who must not be forgotten.

I thank the Senator from Utah.

The ACTING PRESIDENT pro tempore. The pending question is on agreeing to the amendment (No. 1132) of the Senator from Washington (Mr. MAGNUSON).

Mr. MOSS. Mr. President, I was happy to yield to the majority leader. I believe he was speaking on a subject that is inherent in the consideration of the bill we have before us, because he was speaking of inflation and the loss of purchasing power by the consumers in this country.

If this bill becomes law, and if the States put into effect no-fault automobile insurance, the consumers of this country will save $1 to $1.5 billion every year in premium payments on their automobile insurance. To that extent, it will be relieving some of the inflationary pressures which, as the majority leader pointed out earlier, fall so heavily on those with fixed incomes such as the elderly people living on pensions or social security.

So I think it is certainly of great importance that we pursue this matter now and this week get to the issue and pass this bill.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. ABOUREZK) laid before the Senate the following letters, which were referred as indicated:

REPORT ON EXCESS REAL PROPERTY

A letter from the Administrator of the National Aeronautics and Space Administration transmitting, pursuant to law, a report concerning NASA's plan to report to the General Services Administration, as excess real property, two parcels of land at the Michoud Assembly Facility, New Orleans, La. (with an accompanying report). Referred to the Committee on Aeronautical and Space Sciences.

REAPPORTIONMENT OF APPROPRIATION TO THE OFFICE OF TELECOMMUNICATIONS POLICY

A letter from the Director of the Office of Management and Budget reporting, pursuant to law, that the appropriation to the Office of Telecommunications Policy for "Salaries and Expenses" for the fiscal year 1974 has been reapportioned on a basis which indicates the necessity for a supplemental estimate of appropriation. Referred to the Committee on Appropriations.

REPORTS OF THE DEPARTMENT OF THE ARMY

A letter from the Secretary of the Army transmitting, pursuant to law, reports of the number of officers on duty with headquarters, Department of the Army, and detailed to the Army General Staff on March 31, 1974 (with accompanying papers). Referred to the Committee on Armed Services.

PROPOSED LEGISLATION BY THE DEPARTMENT OF THE AIR FORCE

A letter from the Secretary of the Air Force transmitting a draft of proposed legislation to amend the act of September 26, 1966, Public Law 89-606, as amended, to extend for 2 years the period during which the authorized numbers for the grades of lieutenant colonel and colonel in the Air Force are increased (with accompanying papers). Referred to the Committee on Armed Services.

REPORT OF DEPARTMENT OF DEFENSE PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS

A letter from the Assistant Secretary of Defense transmitting, pursuant to law, the report of Department of Defense Procurement from Small and Other Business Firms for July 1973 to January 1974 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

EXIMBANK TRANSACTIONS WITH CERTAIN FOREIGN COUNTRIES

A letter from the President of the Export-Import Bank of the United States reporting, pursuant to law, on loan guarantee and insurance transactions supported by Eximbank to Yugoslavia, Romania, the Union of Soviet Socialist Republics, and Poland during March 1974. Referred to the Committee on Banking, Housing and Urban Affairs.

AMENDMENTS TO THE HAWAIIAN HOMES COMMISSION ACT

A letter from the parties of record in the case of Kila against Hawaiian Homes Commission transmitting the order in the proceeding before the District Court of Hawaii, together with the complaint and answers thereto (with accompany papers). Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE FEDERAL HOME LOAN BANK BOARD

A letter from the Chairman and Board member of the Federal Home Loan Bank Board transmitting, pursuant to law, the annual report of the Federal Home Loan Bank Board for the calendar year 1973 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE SECRETARY OF THE TREASURY

A letter from the Secretary of the Treasury transmitting, pursuant to law, a report on the activities of the Department of the Treasury in connection with exemption from

coastwise prohibition for certain barges of foreign registry (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE NATIONAL RAILROAD PASSENGER CORPORATION

A letter from the President of the National Railroad Passenger Corporation transmitting, pursuant to law, a report on the Amtrak 5-Year Financial Projection of Corporation Operations including a Revised Capital Acquisition Program (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE SECRETARY OF COMMERCE

A letter from the Secretary of Commerce transmitting, pursuant to law, the annual report of the Secretary of Commerce for the fiscal year ended June 30, 1973 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation transmitting, pursuant to law, a report on the High Speed Ground Transportation Act of 1965 and the railroad technology program for the year 1973 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE SECRETARY OF COMMERCE

A letter from the Secretary of Commerce reporting, pursuant to law, on the implementation of the marine sanctuaries provision of the Marine Protection, Research and Sanctuaries Act of 1972. Referred to the Committee on Commerce.

PROPOSED LEGISLATION FOR THE DISTRICT OF COLUMBIA

A letter from the Mayor-Commissioner of the District of Columbia transmitting a draft of proposed legislation to amend the District of Columbia Police and Firemen's Salary Act of 1958 to increase salaries, and for other purposes (with accompanying papers). Referred to the Committee on the District of Columbia.

PROPOSED LEGISLATION FOR THE DISTRICT OF COLUMBIA

A letter from the Mayor-Commissioner of the District of Columbia transmitting a draft of proposed legislation to establish the District of Columbia Defender Service, and for other purposes (with accompanying papers). Referred to the Committee on the District of Columbia.

INTERNATIONAL AGREEMENTS OTHER THAN TREATIES

A letter from the Assistant Legal Adviser for Treaty Affairs of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into by the United States within the past 60 days (with accompanying papers) Referred to the Committee on Foreign Relations.

REPORT OF THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation transmitting, pursuant to law, a report on contracts negotiated under 10 U.S.C. 2304 (a)(11) during the period October 1, 1973, through March 31, 1974 (with accompanying report). Referred to the Committee on Government Operations.

REPORTS OF THE COMPTROLLER GENERAL

Two letters from the Comptroller General of the United States transmitting, pursuant to law, two reports entitled "Implementation of Emergency Loan Guarantee Act"; and "Increased Efficiency Predicted If Information Processing Systems of Social Security Administration Are Redesigned" (with accompanying reports). Referred to the Committee on Government Operations.

CONTRACTS PROPOSED BY THE BUREAU OF MINES

A letter from the Deputy Assistant Secretary of the Interior transmitting, pursuant to law, a copy of a proposed contract with FMC Corporation, San Jose, Calif., for a research project entitled "Mine Shaft Fire and Smoke Protection System" (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

PROPOSED LEGISLATION OF THE JUDICIARY CONFERENCE OF THE UNITED STATES

A letter from the Director of the Administrative Office of the United States Courts transmitting a draft of proposed legislation by the Judicial Conference of the United States to amend section 2254, title 28, United States Code (with accompanying papers). Referred to the Committee on the Judiciary.

AMENDMENTS TO THE FEDERAL RULES OF CRIMINAL PROCEDURE

A letter from the Chief Justice of the United States transmitting proposed amendments to the Federal Rules of Criminal Procedure which have been adopted by the Supreme Court pursuant to title 18, United States Code, sections 3771 and 3772 (Mr. Justice Douglas dissenting) (with accompanying papers). Referred to the Committee on the Judiciary.

REPORT OF THE RAILROAD RETIREMENT BOARD

A letter from the Chairman of the Railroad Retirement Board transmitting, pursuant to law, the annual report of the Railroad Retirement Board for the fiscal year ended June 30, 1973 (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

REPORT OF THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

A letter from the Secretary of Health, Education, and Welfare transmitting, pursuant to law, the annual progress report on the 5-year plan for family planning services and population research (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

REPORT OF THE GENERAL SERVICES ADMINISTRATION

A letter from the Administrator of General Services transmitting, pursuant to law, the annual report of the General Services Administration covering the status of public building projects authorized for construction, alteration and lease pursuant to the Public Buildings Act of 1959 (with an accompanying report). Referred to the Committee on Public Works.

ACQUISITION OF LEASEHOLD INTEREST IN CERTAIN PROPERTY IN THE DISTRICT OF COLUMBIA

A letter from the Administrator of General Services transmitting, pursuant to law, a prospectus which proposes acquisition of the leasehold interest in a three-level basement parking garage located in the Nassif Building at 400 7th Street SW., Washington, D.C. (with accompanying papers). Referred to the Committee on Public Works.

PROPOSED LEGISLATION BY THE ATOMIC ENERGY COMMISSION

A letter from the Chairman of the Atomic Energy Commission transmitting a draft of proposed legislation to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing public remuneration in the event of a nuclear incident, and for other purposes (with accompanying papers). Referred to the Joint Committee on Atomic Energy.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. ABOUREZK):

A resolution of the Senate of the State of New York. Referred to the Committee on Finance:

"SENATE RESOLUTION No. 65

"Whereas, The federal Office of Management and Budget has proposed implementation of Circular No. A-70, entitled "Policies and Guidelines for Federal Credit Programs", which would preclude local governments from issuing tax exempt bonds to finance programs and facilities receiving federal assistance; and

"Whereas, State and local governments traditionally have employed tax-exempt financing for municipal programs and facilities; and

"Whereas, Local governments rely heavily on federal assistance for financing municipal programs and facilities; and

"Whereas, The implementation of Circular No. A-70 would significantly and adversely affect the ability of the state of New York and its political subdivisions to finance higher education facilities, medical care facilities, sewer, water, and pollution control facilities, highway and mass transit facilities, urban renewal and public housing projects, and privately owned low- and moderate-income housing funded by the state and by municipalities; and

"Whereas, Over a year ago, the attempt to implement Circular No. A-70 resulted in immediate and vigorous opposition by state and local governments and national interest groups, such as the National Governors' Conference, the Municipal Finance Officers' Association, and the National League of Cities/Conference of Mayors; and

"Whereas, Implementation of Circular No. A-70 would constitute direct federal intervention in, and substantial control of, debt management of the state of New York and its municipalities, and would result in severe curtailment of the volume of tax-exempt financing, as the state and local governments would be unable to utilize it with respect to projects whose financial feasibility depends upon federal assistance; and

"Whereas, Circular No. A-70 proposes an undesirable means of accomplishing public policy and has massive implications for public finance throughout the country; and

"Whereas, There exist no feasible financial alternatives to replace the combination of tax-exempt municipal financing and federal assistance to provide state and local facilities; and

"Whereas, It has come to the attention of the legislature of the state of New York that the Office of Management and Budget is planning specific action with respect to implementation of Circular No. A-70 in the near future; now, therefore, be it

"Resolved, That the legislature of the state of New York communicates its strong opposition to the implementation of Circular No. A-70 to the President of the United States and to the Director of the Office of Management and Budget; and be it further

"Resolved, That copies of this resolution be transmitted to the President and Vice-President of the United States, to the Director of the Office of Management and Budget, to the Speaker of the House of Representatives and to each member of the Congress of the United States from the State of New York."

A joint resolution of the Congress of Micronesia. Referred to the Committee on Finance:

"SENATE JOINT RESOLUTION No. 98, H.D. 1

"A Senate joint resolution requesting the United States Government to take such action as may be necessary to make Trust Territory citizens living in the Trust Territory, who are survivors of United States citizens, eligible for Social Security benefits

"Whereas, under existing United States law, as interpreted by the Social Security

Administration, Trust Territory citizens who are survivors of deceased United States citizens, and who live in the Trust Territory, are not eligible to receive survivors' benefits under the United States Social Security program; and

"Whereas, United States citizens are not prohibited from receiving survivors benefits under the Trust Territory Social Security System; and

"Whereas, there are presently several families in the Trust Territory who fall within this category and would otherwise be entitled to receive Social Security survivors' benefits; and

"Whereas, many of these persons are in dire need of such benefits; and

"Whereas, the scope of this problem can be expected to expand in view of the fact that an ever-increasing number of Trust Territory citizens may become dependent on survivors' benefits in the future; now, therefore,

"Be it resolved by the Senate of the Fifth Congress of Micronesia, Second Regular Session, 1974, the House of Representatives concurring, that the United States Government is requested to take such legislative or administrative action as may be deemed necessary to make Trust Territory citizens who are survivors of United States citizens and who reside in the Trust Territory, eligible for benefits under the United States Social Security program; and

"Be it further resolved that certified copies of this Senate Joint Resolution be transmitted to the presiding officers of both houses of the United States Congress, the Chairman of the House Subcommittee on Territory and Insular Affairs, the Chairman of the House Committee on Ways and Means, the Chairman of the Senate Subcommittee on Territory and Insular Affairs, the Chairman of the Senate Committee on Finance, the United States Commissioner of Social Security, the Secretary of the United States Department of the Interior, the Secretary of the United States Department of Health, Education, and Welfare, and the High Commissioner of the Trust Territory."

A joint memorial of the Legislature of the State of Idaho. Referred to the Committee on Labor and Public Welfare:

"HOUSE JOINT MEMORIAL NO. 26

"A joint memorial to the Honorable Senate and House of Representatives of the United States in Congress assembled and to the Senators and Representatives representing the State of Idaho in the Congress of the United States and to the Secretary of Labor of the United States and the governors of the ten western range States

"We, your Memorialists, the House of Representatives and the Senate of the State of Idaho assembled in the Second Regular Session of the Forty-second Legislature, do hereby respectfully represent that:

"Whereas, there exist a world and domestic red meat shortage, and

"Whereas, the western range sheep industry is an important supplier of red meat for the consumer, and

"Whereas, the sheep industry in Idaho alone contributes over seventy million pounds in food and seven million pounds of fiber annually, and

"Whereas, the western sheep industry cannot survive without the availability of foreign labor, and

"Whereas, the United States Department of Labor has established certain rules and regulations with respect to housing of agricultural workers as listed in the Federal Register, Volume 33, Number 213, Title 20, Part 620, and

"Whereas, said rules and regulations were designed for foreign agricultural workers employed in cultivated farming operations and not for the western range sheep industry, and

"Whereas, the United States Department of Labor is now applying to the range sheep industry these rules and regulations, and

"Whereas, said rules and regulations are impossible to apply to the range sheep industry, and

"Whereas, the United States Department of Employment will no longer certify for employment foreign shepherds for labor contracts unless these rules and regulations are complied with, and

"Whereas, the western range sheep industry positively cannot survive without the availability of foreign shepherds, and

"Whereas, the western range sheep industry is unique as to methods of operation by its nature on the range and wilderness-like terrain, and

"Whereas, said rules and regulations are impractical, infeasible, and impossible to apply, and not designed for the range sheep industry,

"Now, therefore, be it resolved by the Second Regular Session of the Forty-second Idaho Legislature, the House of Representatives and the Senate concurring therein, that we most respectfully urge the Secretary of Labor of the United States of America to proceed at the earliest possible date to exempt the range sheep industry from the provisions of the rules and regulations as adopted in the Federal Register on October 31, 1968, Volume 33, Number 213, Title 20, Part 620.

"Be it further resolved that the Chief Clerk of the House of Representatives be, and he is hereby authorized and directed to forward copies of this Memorial to the Senators and Representatives representing the western range states in the Congress of the United States; to each of the Governors of said states; to the Secretary of Labor of the United States and to all of the regional offices of the United States Department of Labor; to the Departments of Employment of each of the ten western range states; to the State Woolgrowers' Association of said states; to the Western Range Association, Los Angeles, California; to the President of the Senate and the Speaker of the House of Representatives of Congress and to the Senators and Representatives representing this State in the Congress of the United States."

A joint resolution of the Congress of Micronesia. Referred to the Committee on Finance:

"SENATE JOINT RESOLUTION NO. 4, H.D. 1

"A Senate joint resolution requesting the High Commissioner, the Secretary of the Interior and the United States Congress to work toward amendment of United States law so as to provide that the standard United States income tax collected on salaries of United States citizens earned in Micronesia be paid into the Congress of Micronesia General Fund

"Whereas, there are a large number of United States citizens employed in the Trust Territory by the Trust Territory Government, the United States Goevrnment and by private employers; and

"Whereas, under the present state of the law in the United States and in the Trust Territory these United States citizens working in Micronesia are required to pay income tax on their salaries to the governments of both the United States and of the Trust Territory; and

"Whereas, this double taxation works an undue hardship on the United States citizens working in Micronesia; and

"Whereas, the United States Government, by providing by law that the United States income tax collected on the salaries of United States citizens earned in Micronesia be paid into the Congress of Micronesia General Fund instead of the United States Treasury, would be partially fulfilling its obligation under Article 6 of the Trusteeship Agreement to "promote the economic advancement and self-sufficiency of the inhabitants" of the Trust Territory; and

"Whereas, the Congress of Micronesia could then exempt United States citizens who are employed in the Trust Territory from the Micronesia income tax; and

"Whereas, this change in the tax laws of the United States and of Micronesia would not only lessen the tax burden on United States citizens employed in the Trust Territory but would also substantially increase the annual income to the Congress of Micronesia General Fund and thereby enable the Congress of Micronesia to appropriate greater sums of money to projects and programs that will increase the economic self-sufficiency of Micronesian citizens; now, therefore,

"Be it resolved by the Senate of the Fifth Congress of Micronesia, Second Regular Session, 1974, the House of Representatives concurring, that the High Commissioner and the United States Secretary of the Interior and the United States Congress be and are hereby requested to vigorously work toward the amendment of United States income tax law by the United States Congress so as to provide that the standard United States income tax collected from United States citizens on salaries earned in the Trust Territory of the Pacific Islands be paid into the General Fund of the Congress of Micronesia instead of into the United States Treasury; and

"Be it further resolved that certified copies of this Senate Joint Resolution be transmitted to the High Commissioner, the United States Secretary of the Interior, the President of the Senate and Speaker of the House of Representatives of the United States Congress, and to the United States Commissioner of Internal Revenue."

A resolution of the Legislature of the State of Minnesota. Referred to the Committee on Foreign Relations:

"RESOLUTION NO. 2

"A resolution memorializing the President, the Congress and the State Department to refrain from negotiating or approving any treaty with Mexico which would, in effect, reestablish the bracero program

"Whereas, the bracero program, effective during 1942 to 1964, which provided for the contracting of Mexican Nationals as temporary farm laborers in the United States, was nothing more than an easy source of cheap labor and brought with it dehumanizing living conditions for them as well as their exploitation; and

"Whereas, the bracero program also established and maintained substandard wages, thus causing a detrimental effect also to be felt by countless American men, women and children whose family income depended on earning a decent agricultural wage; and

"Whereas, Congress, upon full examination of this program, brought it to an end; now, therefore,

"Be it resolved, by the Legislature of the State of Minnesota that the State Department of the United States should end negotiations with the Mexican government on reestablishing any form of the bracero program, and that no such program be promoted by the President or approved by Congress.

"Be it further resolved, that the Secretary of State of the State of Minnesota be instructed to transmit copies of this resolution to the President of the United States, the Secretary of State of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, and the Speaker of the House shall appoint a member of the House and the Senate Committee on Committees shall appoint a member of the Senate to personally deliver the resolution to the Washington offices of the Minnesota Representatives and Senators in Congress."

A joint resolution of the Congress of Micronesia. Referred to the Committee on Interior and Insular Affairs:

"SENATE JOINT RESOLUTION No. 115, S.D. 1

"A Senate joint resolution requesting the United States of America to grant greater administrative control and political autonomy to the people and government of Micronesia

"Whereas, the United States of America as an Administering Authority of the Trust Territory of the Pacific Islands obligated itself pursuant to the Trusteeship Agreement between the United States and the United Nations to promote self-government in the Trust Territory and in that respect to exercise and to have "all executive, legislative, and judicial authority necessary for the civil administration of the Trust Territory"; and

"Whereas, pursuant to and in accordance with its constitutional process, the United States of America decided that the purposes of the Trusteeship Agreement governing the Trust Territory of the Pacific Islands could best be effectuated by placing in the President of the United States, and through him the Secretary of the Interior, responsibility for the civil administration of all of the Trust Territory of the Pacific Islands; and

"Whereas, responsibility for the administration of civil government in all of the Trust Territory of the Pacific Islands, and all executive, legislative, and judicial authority necessary for that administration vested in the Secretary of the Department of the Interior have been redelegated and are now exercised by the High Commissioner, the Congress of Micronesia, and the High Court of the Trust Territory, respectively; and

"Whereas, under the redelegation of authority for the governance of the Trust Territory of the Pacific Islands, the Government of the Trust Territory is by law specifically denied and deprived of the power and authority to control and regulate air and sea transportation systems, the power to enact laws which may not necessarily be in harmony with the policies and laws of the United States, United States Presidential and Secretarial Orders, international treaties and agreements to which the United States is a party, and certain other laws relating to civil rights and liberties; and

"Whereas, the Trust Territory of the Pacific Islands has been under American governance and tutelage for nearly 30 years and it has been only recently that any meaningful and progressive dialogue has taken place to prepare Micronesians towards the time when they will be able to decide on their future political and constitutional status; and

"Whereas, the Trusteeship Council of the United Nations, and members of the United States Congress have in the past urged that the Administering Authority grant increasing authority to the people of Micronesia to hasten the process of self-determination and self-government; and

"Whereas, on January 23, 1974 the Honorable Rogers C. B. Morton, Secretary of the Department of the Interior addressed the people of Micronesia in a statement which said in part:

" 'You, the people of Micronesia are moving toward a new era of political self-reliance and increased economic self-sufficiency. You must be ready to accept the responsibilies that will come with these developments. At the same time, the government of the United States *must* and *will* do everything possible to provide you with the tools and skills to help you in assuming these responsibilities and in chartering a new course of a self-governing people'; and

"Whereas, specific steps and programs should now be undertaken to progressively give Micronesians the opportunity to run their own government; now, therefore,

"Be it resolved by the Senate of the Fifth Congress of Micronesia, Second Regular Session, 1974, the House of Representatives concurring, that the United States of America is respectfully requested to grant greater administrative control and political autonomy to the people and Government of Micronesia by acceding to the following:

"(1) the election by popular vote of the High Commissioner and the Deputy High Commissioner of the Trust Territory;

"(2) the appointment of the Justices of the High Court upon approval of the Congress of Micronesia through the exercise of its authority of advice and consent;

"(3) the granting of plenary power and authority to the Government of the Trust Territory to conclude or dissolve contracts or arrangements for any and all sea and air transportation services to, from, and within Micronesia;

"(4) the granting of the authority to the Congress of Micronesia to override the exercise of the power of disapproval of legislation by the High Commission when such legislation affects the internal affairs and matters of the Trust Territoy of the Pacific Islands;

"(5) the granting of complete authority to the Trust Territory Government to allocate and apportion all United States federal grant funds among the various program departments and capital improvement projects in the Trust Territory; and

"(6) the elimination of the necessity or requirement that the Trust Territory of the Pacific Islands must operate under an appropriation ceiling with regard to annual grant fund appropriations; and

"Be it further resolved that certified copies of this Joint Resolution be transmitted to the President of the United States of America; the Secretaries of the Departments of State and the Interior; the Presidents of the Security and Trusteeship Councils of the United Nations; the President and the Speaker of the United States Congress; the Chairman of the House Subcommittee on Territorial and Insular Affairs and the Chairman of the Senate Subcommittee on Territories and Insular Affairs of the United States Congress; the Chairman of the House and Senate Committees on Appropriations of the United States Congress; and the High Commissioner."

A concurrent resolution of the Legislature of the State of Hawaii. Referred to the Committee on Interior and Insular Affairs.

"SENATE CONCURRENT RESOLUTION No. 1

"Requesting the President of the United States to release Federal funds for use in conducting geothermal research

"Whereas, the current energy crisis is disrupting commerce and industry throughout the United States, and is seriously affecting the comfort and well-being of our citizens; and

"Whereas, prolonged shortages of energy resources could seriously endanger the public health, safety and welfare; and

"Whereas, the United States is heavily dependent upon the nations of the Middle East and other countries for the basic resources to generate our energy requirements; and

"Whereas, such dependence has made it extremely difficult for the United States to adequately provide for the energy requirements of our citizens; and

"Whereas, the energy crisis clearly demonstrates the necessity for the United States to seek diversity and develop alternate sources of energy susceptible to more direct control; and

"Whereas, exploratory research is likely to reveal heretofore untapped geothermal resources below the surface of the earth representing new, potential resources to fuel our energy requirements; and

"Whereas, research in geothermal resource probably will entail tremendous financial costs which can only be undertaken by the federal government; now, therefore

"Be it resolved by the Senate of the Seventh Legislature of the State of Hawaii, Regular Session of 1974, the House of Representatives concurring, that the President of the United States be and is hereby respectfully requested to release and make available federal funds for use in conducting geothermal research; and

"Be it further resolved that duly authenticated copies of this Concurrent Resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the Congressional delegation from the State of Hawaii."

A joint resolution of the Legislature of the Commonwealth of Virginia. Referred to the Committee on Public Works:

"HOUSE JOINT RESOLUTION No. 50

"Memorializing the Congress of the United States to take certain actions to assist the states and localities in the construction of water pollution abatement facilities

"Whereas, the Commonwealth of Virginia has made considerable progress in the reduction of water pollution, thereby demonstrating its commitment to a clean and healthful environment; and

"Whereas, the program of federal grants to advance the construction of facilities to reduce or eliminate water pollution has suffered a severe blow in the withholding of funds and the failure to appropriate funds by the federal government; and

"Whereas, many localities in the Commonwealth have invested substantial funds to provide primary sewage treatment facilities in their jurisdictions prior to the promulgation of new State and federal standards; and

"Whereas, many localities throughout the Commonwealth face critical financial difficulties because they have been required to undertake construction of new facilities to meet the new standards promulgated by State and federal authorities and to meet the growing needs of their communities but have been virtually denied the necessary grant-in-aid funds to assist with such construction; and

"Whereas, many communities are faced with a curtailment of growth because of overloaded sewage treatment facilities or a substantial increase in rates charged to users who are already bearing the major portion of the burden for construction of needed facilities; and

"Whereas, the State's financial capabilities are now severely taxed by the necessity to furnish its citizens with facilities and services in many areas; now, therefore, be it

"Resolved by the House of Delegates, the Senate of Virginia concurring, That the Congress of the United States is hereby respectfully memorialized to reenact the provision in the former federal law for prefinancing of pollution abatement facilities by owners with subsequent reimbursement when federal funds become available. Specifically, the Congress is memorialized to enact HR 9835, currently pending in the House of Representatives, which would provide for the reestablishment of these funds; and

"Resolved further, That the Congress of the United States is also respectfully memorialized to enact legislation providing a grace period for the construction of secondary treatment plants required by the Federal Water Pollution Control Act Amendments of nineteen hundred seventy-two, until sufficient federal funds are available to assist the localities in financing these projects; and

"Resolved finally, That the Clerk of the House of Delegates of Virginia is directed to send suitably prepared copies of this resolution to the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the members of the Virginia delegation to the United States Congress."

A resolution of the Council of the City of

Port Wentworth, Ga., in opposition to the granting of amnesty to certain citizens. Referred to the Committee on the Judiciary.

A resolution of the City Council of the City of Seattle, Wash., requesting increased funding for summer youth employment. Referred to the Committee on Labor and Public Welfare.

A resolution of the Tri-County Community Action Agency, Athens, Ohio, in support of the continued existence of the Office of Economic Opportunity and Community Action agencies. Referred to the Committee on Labor and Public Welfare.

Petitions of the Model Neighborhood Citizens Committee, Inc., of Grand Rapids, Mich., supporting the Model Cities Program. Referred to the Committee on Banking, Housing and Urban Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations, without amendment:

H.R. 12920. An act to authorize additional appropriations to carry out the Peace Corps Act, and for other purposes (together with additional views) (Rept. No. 93-793).

ORDER FOR STAR PRINT

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. CRANSTON, I ask unanimous consent that there be a star print of Report No. 93-766.

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

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

Mary T. Brooks, of Idaho, to be Director of the Mint.

(The above nomination was reported with the recommendation that it 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. SCHWEIKER (for himself and Mr. JAVITS):

S. 3390. A bill to amend the Community Mental Health Centers Act to provide for the extension thereof, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. SCHWEIKER:

S. 3391. A bill for the relief of Dinesh C. Pandya. Referred to the Committee on the Judiciary.

By Mr. PACKWOOD:

S. 3392. A bill to amend the Clayton Act to preserve competition in the geothermal energy industry in the United States. Referred to the Committee on the Judiciary.

By Mr. MUSKIE (for himself and Mr. JAVITS):

S. 3393. A bill to provide for the establishment of a new office in the Executive Office of the President and of a joint committee in the Congress in order to supervise policies and procedures with respect to the development and review of national defense and foreign policies of the United States and the protection and disclosure of information relating to such policies, and for other purposes. Referred to the Committee on Government Operations.

By Mr. SPARKMAN (by request):

S. 3394. A bill to amend the Foreign Assistance Act of 1961, and for other purposes. Referred to the Committee on Foreign Relations.

By Mr. ROBERT C. BYRD (for Mr. BENTSEN):

S. 3395. A bill to reorganize the Department of Justice, to require nonpartisan appointments to policymaking positions in such Department, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. BUCKLEY:

S. 3396. A bill to amend the Internal Revenue Code of 1954 and certain other provisions of law to provide for automatic cost-of-living adjustments in the income tax rates, the amount of the standard, personal exemption, and depreciation deductions, and the rate of interest payable on certain obligations of the United States. Referred to the Committee on Finance.

By Mr. GRIFFIN:

S. 3397. A bill for the relief of Jose Ismarnardo Reyes-Morelos. Referred to the Committee on the Judiciary.

By Mr. HARTKE (for himself, Mr. HANSEN, Mr. CRANSTON, Mr. TALMADGE, Mr. RANDOLPH, Mr. HUGHES, Mr. THURMOND, Mr. STAFFORD, Mr. MCCLURE, Mr. MCGOVERN, Mr. MATHIAS, Mr. INOUYE, Mr. ABOUREZK, Mr. BEALL, Mr. BUCKLEY, Mr. BURDICK, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. CURTIS, Mr. DOMENICI, Mr. DOMINICK, Mr. FULBRIGHT, Mr. GRAVEL, Mr. GURNEY, Mr. HART, Mr. HASKELL, Mr. HATFIELD, Mr. HATHAWAY, Mr. HOLLINGS, Mr. HUMPHREY, Mr. JACKSON, Mr. KENNEDY, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MCGEE, Mr. MCINTYRE, Mr. METZENBAUM, Mr. MONDALE, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. RIBICOFF, Mr. SCHWEIKER, MR. HUGH SCOTT, Mr. SPARKMAN, Mr. STEVENS, Mr. TUNNEY, Mr. WEICKER, Mr. WILLIAMS, Mr. YOUNG, Mr. METCALF, Mr. MONTOYA, Mr. PASTORE, Mr. BROOKE, Mr. JAVITS, Mr. PACKWOOD, and Mr. TAFT):

S. 3398. A bill to amend title 38, United States Code, to provide a 10-year delimiting period for the pursuit of educational programs by veterans, wives, and widows. Referred to the Committee on Veterans' Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SCHWEIKER (for himself and Mr. JAVITS);

S. 3390. A bill to amend the Community Mental Health Centers Act to provide for the extension thereof, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. SCHWEIKER. Mr. President, the Senate Health Subcommittee this week begins hearings on legislation to provide health services. Specifically, the subcommittee will be considering migrant health, community mental health centers, National Health Service Corps, health revenue sharing, and a program for community health centers. On May 1 the subcommittee will receive testimony regarding the extension of the Community Mental Health Centers Act which is scheduled to expire on June 30, 1974.

Last year the Congress extended the community mental health centers program for 1 year without substantive change and we are now reviewing the program with the expectation that some changes will be made in the program. There are a number of recommendations before the subcommittee and the experience of 8 years of the program's operation prompts other suggestions for improvements in the program.

Nearly a year ago I introduced S. 1998, the Community Mental Health Centers Extension Act of 1973, which made many changes in the program. The bill provided for the extension of the program for 3 years, changed construction grants to facility grants for renovation or acquisition of existing facilities, and provided funding for operating costs in lieu of staffing grants. The measure strengthens the requirement for evaluation of programs both by HEW and the centers themselves. Although the bill retained the current provisions of the act making a distinction in the Federal share of moneys to centers in poverty areas, it would begin such Federal share at a higher level, and such support at a significant lower level.

Mr. President, I ask unanimous consent that a copy of my remarks at the time of the introduction of S. 1998 be included at this point in the RECORD.

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

[From the CONGRESSIONAL RECORD, June 14, 1973]

SCHWEIKER INTRODUCES COMMUNITY MENTAL HEALTH CENTERS

By Mr. SCHWEIKER:

S. 1998. A bill to amend the Community Mental Health Centers Act to provide for the extension thereof, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. SCHWEIKER. Mr. President, the authority contained in the Community Mental Health Centers Act for the continuation of this program and the funding of new community mental health centers expires June 30, 1973. The administration has not sought extension of that authority and is seeking funds in its budget request for fiscal year 1974 only to complete its commitment to existing centers. Thus, no new centers will receive any Federal support.

Although the Senate has already passed a bill which included an extension of this authority for 1 year without substantive change, I introduce today the Community Mental Health Centers Extension Act of 1973 which makes major changes in the program by amendments to the Community Mental Health Centers Act. The bill will extend the program for 3 years, change construction grants to facility grants for renovation or acquisition of existing facilities, and provide funding for operating costs in lieu of staffing grants. Also, the measure strengthens the requirement for evaluation of programs both by HEW and the centers themselves.

Although the bill retains the current provisions of the act making a distinction in the Federal share of moneys to centers in poverty areas, it would begin such Federal share at a higher level, and at a significantly lower level, and require that the additional funds for a center serving a poverty area be used for the poverty population being served in that area. I am confident that the Congress will

decide to not only continue the community mental health centers program but to expand it, make funds available for initiating new centers and new services within existing centers, and assure a monitoring of the performance of federally supported centers to insure their responsiveness to community needs and national goals relating to community mental health care. This bill can be the basis for such a decision.

Mr. President, the community mental health center is a health services delivery system already federally funded in nearly 500 communities in which approximately 35 percent of the Nation's population lives. It embodies many of the attributes held in highest regard by the administration. Yet, the administration proposes to discontinue further Federal support. In my judgment this would be a serious mistake.

The community mental health center system stresses comprehensiveness by including within a single system all of the related services available to serve the population for which it is responsible. The services contained in a manner which enables a patient to move freely and easily from one service to another as needed without the duplication of effort and cost present when services are unrelated and uncoordinated. The program is designed to serve the total population of its designated geographic area. The funds allocated go almost entirely into services for the persons in need. Very little money is used for the support of a bureaucracy.

A noteworthy characteristic is the high degree of local responsibility with the controls and direction provided by local volunteer boards.

The community mental health centers program, which was to be initiated in each catchment or population area with Federal funding on a diminishing basis has moved steadily toward ultimate support by State and local government and private sources. Only about 30 percent of the money invested annually in operating the community mental health center program now comes from Federal funds. Forty-four percent comes from local and State government; 20 percent comes from patient fees and forms of insurance.

The program is not one which was developed and put together hastily in response to a crisis, but evolved out of 10 years of thoughtful deliberations with extensive community planning at State and local levels. The planning process was initiated during the Eisenhower administration, the crucial legislation was adopted during the Kennedy administration, and the program has had the continued support of each administration since.

The system is designed to be compatible with any proposed comprehensive plan for total health care delivery and thus might be joined as an already operating component. For example, the Senate-passed HMO bill, S. 14, provides for mental health services utilizing existing community mental health centers on a priority basis. Despite commonly held false assumptions, mental health services are demonstrably insurable within a plan of National Health Insurance.

Community mental health centers encourage community care with a minimum of institutional confinement which means that to the extent possible, the patient is responsible for the fulfillment of his own treatment plan while continuing as a self-reliant, tax-paying member of the community. These centers have already played a major role in the reduction of State hospital census by a dramatic 36 percent in the last 5 years, in closing a number of State hospitals in several States and in making a sharp reduction in the amount of funds expended in the construction of new institutions.

The center system places major attention on the development of a preventive approach with better and more efficient utilization of limited professional manpower. It has been suggested that the program was intended to be a demonstration and because it has been demonstrated to be successful and effective it should therefore be picked up by funding from other sources. The problem lies in the definition of "demonstration." It is clear that those who wrote the original legislation did not intend that Federal support would continue undiminished and forever. Funding grants were to be for a term of 8 years and provision was made for diminishing Federal participation during that 8-year period.

Thus, Federal funding was to serve a pump priming purpose. It was also to demonstrate to each community the merits of the program and the capability of each community to pick up gradually the financing of its own center. Congress set as its goal that a mental health center should be established in as many catchment areas as necessary to serve the total population of the country. It was not the intent of Congress when the initial legislation was enacted to assist a few favored communities to have centers and then to leave to chance the spread of the program elsewhere.

It has also been suggested that the program will be funded through national health insurance. Unfortunately, national health insurance does not yet exist nor does it seem imminent. In addition, it must be recognized that even if national health insurance supports continuation of an existing community mental health center, it would not, as a fee-for-service mechanism, provide the funding for consultation services, which are a major component of the preventive function. Nor would insurance provide funding for the initiation of new and needed centers where they do not already exist. Furthermore, there unfortunately remains some uncertainty at this time whether mental health coverage will be included in national health insurance legislation.

Can the program be supported and centers be initiated through revenue sharing? Without debating what may prove to be the eventual virtues of the revenue-sharing approach to Federal participation in local programs, there seems to be a disregard for reality in proposing this solution. There is no evidence that revenue sharing will be so effective immediately that each of the many programs which apparently are expected to derive their support from this source will each receive its equitable and essential share without interruption of service and irreparable damage.

Neither can anyone be confident about the prospects of equitable consideration in the intense competition which will take place not only between established programs but also with those which may be devised in response to State and local pressures. Doubts arise concerning revenue sharing as a solution because of the tendency on the part of State and local governments to use the funds shared with them for one-time capital expenditures rather than for programs involving long-term financial commitments. Then, there are indications that all the programs which are supposedly to be supported by revenue sharing are going to have to be financed with what appears to be less dollars than are currently available through present funding arrangements.

It has been pointed out that the Federal grant program for community health centers has resulted in an inequitable distribution of services with certain States and communities receiving a disproportionate amount of the funds available. It is true that some States were better prepared to move ahead than others and have attained more rapid and complete coverage of the population of their States. It hardly makes sense, however, that those States which have been confronted with greater difficulty in getting underway should be deprived of assistance simply because the funds have been inequitably distributed up to now. To take such a position is to perpetuate the inequity.

Mr. President, there are valid reasons why there should be a continuation of the Federal presence in a program to resolve the general and far-reaching problem of mental illness. Mental illness in its various manifestations is so pervasive in breadth and impact that the Nation cannot afford to let an aggressive program become merely a matter of State option.

I am deeply concerned about an approach to financing which does not provide for a continuing Federal regulating relationship. Though a substantial part of center funding may come from other sources and though program control and management may be local, uniform standards of practice and performance established by the Federal Government are highly desirable.

Historically, the care of the mentally ill has represented such a heavy burden on the resources of State government that the picture was one of shocking neglect. It was not until the Federal Government took positive action to correct the appalling situation that conditions began to change and hope at last arose for the future. There is inadequate evidence that the States are yet able to accept again full responsibility for this health problem, which is unique in terms of the number of persons affected and the range of services required. To force State government to assume too soon the entire burden which many States carried so badly in the past is to risk a return to the scandalous waste of human resources from which our Nation has just now begun to emerge.

Mr. President, my proposal makes several basic recommendations which are consistent, I believe, with administration goals and realistic in terms of the future of the community mental health center program and its development to meet the goals the Congress initially set for it:

First, that Federal funding continue for the purpose of assuring the initiation of a community mental health center in each of the 1,500 catchment areas required to encompass the total national population. Presently, there are 493 centers federally funded and a small number financed in other ways. This means there are at least 900 catchment areas for which centers must still be planned and initial funding secured. Continued Federal participation should at least make available an initial 8-year staffing grant for the support of a properly designed and approved mental health center in every catchment area still unserved by such a center, June 30, 1980, should be regarded as the target date for comprehensive national coverage with initiation staffing grants.

Second, that a ceiling be placed on the amount which can be allocated to any one center in order to avoid giving undue advantage to those having unusual grant-writing skills and in order to provide for an equitable distribution of available dollars to all catchment areas.

Third, that there be a continuation of preferential funding for centers serving poverty areas with the requirements that the additional dollars allocated to such preferential funding be used for the provision of service to the poverty population.

And finally, that long-term funding beyond the initial 8-year grant period be available to finance consultation and other preventive services not normally reimbursable from other sources. Preferential funding should also be available to support such services in poverty populations.

Mr. SCHWEIKER. Mr. President, I introduce today a bill to amend the basic Community Mental Health Centers Act. This legislation is basically the bill I introduced last year but contains several major changes. I am pleased to be

joined by the distinguished Senator from New York (Mr. JAVITS) in the introduction of this legislation.

The changes from S. 1998 contained in this measure include specific requirements and definitions for community mental health centers, grants for development of community mental health centers programs, and changes in the percent of the Federal share for centers served, both poverty and nonpoverty; a limit in the amount of Federal funding which such centers may receive stated in terms of dollars per person served by such centers; and support of consultation and educational services beginning with the first year of the center's operation and funded separately from any developmental facility's acquisitional or operational support. In addition, the bill strengthens the requirements for centers to operate on funds from non-Federal sources.

Mr. President, the most significant issue facing the subcommittee with respect to the extension of the Community Mental Health Centers Act is the question of how to provide a financial basis for centers to continue operation after Federal support has ended and until a national health insurance program is in place. Unfortunately, national health insurance does not yet exist, although it does appear imminent.

However, it must be recognized that if national health insurance supports services provided by community mental health centers, it would not provide the funding for consultation services, which are a major component of the preventative function, Nor would insurance provide funding for new and needed centers where they do not already exist. Furthermore, there remains some uncertainty as to how much of the cost of providing mental health services will be covered in a national health insurance program.

Several suggestions have been offered to deal with this problem ranging from an indefinite extension of operational support for centers to a program of financial distress grants. The bill I introduced today allows the centers to receive operational support beyond the normal termination of such support until the centers reach the ceiling which no center can exceed. Another suggestion which I would like to see discussed in the hearings is a program of Federal matching of State support for centers. For example, for each $2 provided to a center after the eighth year of operation, the Federal Government could provide $1. I hope the witnesses will provide recommendations to the subcommittee on this crucial question.

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. 3390

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 "Community Mental Health Centers Extension Act of 1974".

FINDINGS

SEC. 2. (a) The Congress hereby finds that—

(1) community care is the most effective and humane form of care for the majority of mentally ill and mentally retarded individuals;

(2) there is currently a shortage and maldistribution of quality community mental health care resources in the United States;

(3) the federally funded community mental health centers have had a major impact on the improvement of care by: fostering coordination and cooperation between various agencies resulting in a decrease in overlapping services and more efficient utilization of available resources, bringing comprehensive community care to all in need within a specific geographic area regardless of ability to pay, and by developing a system of care which insures continuity of care for all patients; and

(4) until such time as legislation is enacted and becomes effective which insures all Americans financial access to the mental health services which are presently available through community mental health centers, Federal funds should continue to be made available for the purposes of initiating new community mental health centers responsive to community needs and national goals relating to community mental health care.

(b) The Congress further declares that the obligation for insuring the expansion of the community mental health center concept in the United States and the provision of comprehensive community care to all in need, rests with the Federal Government, and declares further that Federal funds should continue to be made available for the purposes of initiating new community mental health centers and new services within existing centers, and for the monitoring of the performance of all federally funded centers to insure their responsiveness to community needs and national goals relating to community mental health care.

SEC. 3. (a) Parts A and B of the Community Mental Health Centers Act (42 U.S.C. 2681) are redesignated as parts C and D, respectively, and the following new part is inserted before part B as so redesignated:

"PART A—OPERATIONS ASSISTANCE

"REQUIREMENTS FOR COMMUNITY MENTAL HEALTH CENTERS

"SEC. 201. (a) For purposes of this title (other than part B thereof), the term 'community mental health center' means a legal entity (1) through which comprehensive mental health services are provided in the area served by the center (referred to in this title as a 'catchment area') in the manner prescribed by subsection (b), and (2) which is organized in the manner prescribed by subsection (c).

"(b) (1) The comprehensive mental health services which shall be provided through a community mental health center shall include—

"(A) services for individuals who are inpatients in a hospital or other health services delivery facility, outpatient services, day care and other partial hospitalization services, and emergency services;

"(B) a specialized program for the mental health of children, including a full range of diagnostic, treatment, liaison, and followup services (as prescribed by the Secretary);

"(C) a program of comprehensive specialized services for the mental health of the elderly, including a full range of diagnostic, treatment, liaison, and followup services (as prescribed by the Secretary);

"(D) consultation and education services including services for health professionals, schools, State and local law enforcement and correctional agencies, public welfare agencies, health services delivery agencies, and other appropriate entities;

"(E) assistance to courts and other public agencies in screening residents of the center's catchment area who are being considered for referral to a State mental health facility for treatment to determine if they should be so referred and provision, where appropriate, of treatment for such persons through the center as an alternative to treatment at such a facility;

"(F) provision of followup care for residents of its catchment area who have been discharged from a State mental health facility; and

"(G) provision of each of the following service programs (other than a service program which the Secretary determines the center is unable to provide or for which there is not sufficient need (as determined by the Secretary) in the center's catchment area) or which the Secretary determines should be provided by another public or private nonprofit agency:

"(i) A comprehensive program for the prevention and treatment of alcoholism and alcohol abuse and for the rehabilitation of alcohol abusers and alcoholics.

"(ii) A comprehensive program for the prevention and treatment of drug addiction and abuse and for the rehabilitation of drug addicts, drug abusers, and other persons with drug dependency problems.

"(2) The provision of comprehensive mental health services through a center shall be coordinated with the provision of services by other health and social service agencies in the center's catchment area to insure that persons receiving services through the center have access to all such health and social services as they may require. The center's services (A) may be provided at the center or satellite centers through the staff of the center or through appropriate arrangements with health professionals and others in the center's catchment area, (B) shall be available and accessible to the residents of the area promptly, as appropriate, and in a manner which assures continuity and which overcomes geographic, cultural, or economic barriers to the receipt of services, and (C) when medically necessary, shall be available and accessible twenty-four hours a day and seven days a week.

"(c) (1) The governing body of a community mental health center shall be composed of individuals who reside in the center's catchment area and who, as a group, represent the residents of that area taking into consideration the employment, age, sex, and place of residence of the members of the governing body. At least one-half of the members of such body shall be individuals who are not providers of health care services. For purposes of this paragraph, the term 'provider of health care services' means an individual who receives (either directly or through his spouse) more than one-tenth of his gross annual income from fees or other compensation for the provision of health care services or from financial interests in entities engaged in the provision of health care services or in producing or supplying drugs or other articles for individuals and entities engaged in the provision of such services, or from both such compensation and such interests.

"(2) A center shall have organizational arrangements, established in accordance with regulations prescribed by the Secretary, for (A) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, and (B) maintaining the confidentiality of patient records.

"GRANTS FOR DEVELOPMENT OF COMMUNITY MENTAL HEALTH CENTER PROGRAMS

"SEC. 202 (a) The Secretary may make grants to public and nonprofit private entities to carry out projects to develop community mental health center programs. In connection with a project for a community mental health center program for an area the grant recipient shall (1) assess the needs of the area for mental health services, (2) de-

sign a community mental health center program for the area based on such assessment, (3) obtain within the area financial and professional assistance and support for the program, and (4) initiate and encourage continuing community involvement in the development and operation of the program. The amount of any grant under this subsection shall be determined by the Secretary.

"(b) A grant under subsection (a) may be made for not more than one year, and if a grant is made under such subsection for a project, no other grant may be made for such project under such subsection. The Secretary shall give special consideration to applications submitted for grants under this section for projects for community mental health centers programs for areas designated by the Secretary as urban or rural poverty areas.

"(c) There are authorized to be appropriated for grants under this section $5,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976."

(b) Sections 201 through 207 of such Act are redesignated as sections 211 through 217, respectively.

AMENDMENTS TO THE COMMUNITY MENTAL HEALTH CENTERS ACT

SEC. 4. (a) Section 211 (as redesignated by this Act) of the Community Mental Health Centers Act is amended to read as follows:

"SEC. 211. There are authorized to be appropriated for grants for facilities of public and other nonprofit community mental health centers under this title $15,000,000 for the fiscal year ending June 30, 1975; $15,000,000 for the fiscal year ending June 30, 1976; and $15,000,000 for the fiscal year ending June 30, 1977."

(b) (1) Section 212(b) of such Act (as redesignated by this Act) is amended by striking in the first sentence the words "a project for the construction of a community mental health center" and inserting in lieu thereof "construction, leasing, acquisition and renovation of a community mental health center facility".

(2) The second sentence of such section is amended by striking the words "construction of the center" and inserting in lieu thereof the words "the center facility".

(c) (1) Section 214(a) (3) of such Act (as redesignated by this Act) is amended by adding immediately after the word "groups," the words "citizens of mental health organizations".

(2) Section 214(a) (4) of such Act (as redesignated by this Act) is amended by striking the words "construction of community mental health centers" and inserting in lieu thereof the words "construction, leasing, acquisition and renovation of community mental health center facilities".

(d) Section 214(a) (8) of such Act (as redesignated by this Act) is amended by striking the word "construction" and inserting in lieu thereof "facility".

(e) Section 215(a) of such Act (as redesignated by this Act) is amended by striking the word "construction" and inserting in lieu thereof the words "the construction, leasing, acquisition or renovation of a community mental health center facility".

(f) Section 215(a) (as redesignated by this Act) is further amended by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (7) and by adding after paragraph (3) the following new paragraph:

"(4) except in the case of a leasing project, reasonable assurance that title to such site is or will be vested in one or more of the agencies filing the application or in a public or other nonprofit agency which is to operate the community mental health center;".

(g) Section 215 (a) (5) (as redesignated by this Act) of such Act is amended by striking the words "construction of the".

(h) The third sentence of section 215 (a) (as redesignated by this Act) is amended by striking the words "of the cost of construction".

(i) Section 217 of such Act (as redesignated by this Act) is amended to read as follows:

"SEC. 217. No grant may be made under any provision of the Public Health Service Act for any fiscal year for any project described in this title unless the Secretary determines that funds are not available under this title to make a grant for such project."

(j) The title of part B of such Act (as redesignated by this Act) is amended to read "Part B—Grants for Facilities".

SEC. 5. (a) The heading for part C of the Community Mental Health Centers Act (as redesignated by this Act) is amended to read as follows:

"PART C—GRANTS FOR PORTION OF THE COSTS OF OPERATION OF CENTERS"

(b) (1) Section 220 (a) of such Act is amended by striking the words "compensation of professional and technical personnel for the initial operation" and by inserting in lieu thereof the words "compensation for operational costs for the operation of new comunity mental health centers or of new services in community mental health centers".

(2) Section 20(a) of such Act is further amended by adding at the end thereof immediately before the period the words "such as services for children and the elderly".

(3) Section 20(b) of such Act is amended to read as follows:

"(b) (1) Grants under this section for costs for any center may be made only for the period beginning with the first day of the first month for which such a grant is made and ending with the close of eight years after such first day; and except as provided in paragraph (2), such grants with respect to any center may not exceed 80 per centum of such costs for the first year after such first day, 65 per centum of such costs for the second year after such first day, 50 per centum of such costs for the third year after such first day, 35 per centum of such costs for the fourth year after such first day, 20 per centum of such costs for the fifth year after such first day and for each year thereafter until the limitation under section 224 (d) (1) is met.

"(2) In the case of any center providing services for persons in an area designated by the Secretary as an urban or rural poverty area, grants under this section for such costs may not exceed 90 per centum of such costs for the first year after such first day, 90 per centum of such costs for the second year after such first day, 90 per centum of such costs for the third year after such first day, 75 per centum of such costs for the fourth year after such first day, 60 per centum of such costs for the fifth year after such first day, 50 per centum of such costs for the sixth year after such first day, 40 per centum of such costs for the seventh year after such first day, and 30 per centum of such costs for the eighth year after such first day and for each year thereafter until the limitation under section 224(d) (2) is met.

"(3) For the fiscal year ending June 30, 1976, and for each of the succeeding seven fiscal years there are authorized to be appropriated such sums as may be necessary to make payments under grants under this section to community mental health centers which first received such a grant for the fiscal year ending June 30, 1975, or the next fiscal year and which are eligible for payments under such a grant for the fiscal year for which sums are authorized to be appropriated under this paragraph.".

(c) Section 221(a) of such Act is amended by—

(1) striking the word "and" at the end of paragraph (4);

(2) striking the period at the end of paragraph (5) and inserting in lieu thereof a semicolon; and

(3) by adding after paragraph (5) the following new paragraphs:

"(6) the services to be provided by the center are made available to any health maintenance organization serving residents within the catchment area for such center;

"(7) such center has made and will continue to make every reasonable effort to collect appropriate fees for services to individuals who are entitled to insurance benefits under title XVIII of the Social Security Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program;

"(8) such center (A) has or will have a contractual arrangement with the agency of the State in which it provides services which administers or supervises the administration of a State plan approved under title XIX of the Social Security Act for the payment of all or a part of the applicant's costs in providing services to individuals who are eligible for medical assistance under such State plan, or (B) has made every reasonable effort to enter into such arrangement;

"(9) such center shall provide treatment and services to the extent practicable in the language and cultural context most appropriate to bilingual and bi-cultural consumers;

"(10) such center will provide, in accordance with regulations of the Secretary, an effective procedure for developing, compiling, evaluating, and reporting to the Secretary, statistics and other information (which the Secretary shall publish and disseminate on a periodic basis and which the center shall disclose at least annually to the general public) relating to (i) the cost of the center's operation, (ii) the patterns of utilization of its services, (iii) the availability, accessibility, and acceptability of its services, (iv) the impact of its services upon the mental health of the residents of its catchment area, and (v) such other matters as the Secretary may require; and

"(11) such center will adopt and enforce a policy (i) under which fees for the provision of mental health services through the center will be paid to the center, and (ii) which prohibits health professionals who provide such services to patients through the center from providing such services to such patients except through the center;

"(12) such center has established an evaluation program, either directly or by contract;

"(13) such center has a program whereby it screens, and where practicable, provides treatment for, persons within its catchment area who may otherwise be admitted to a State mental hospital;

"(14) such center has a program for the followup care of persons within its catchment area who are discharged from a State mental hospital.

"(d) Section 221(b) is repealed.

"(e) Section 221(c) is repealed.

"(f) Section 221 is further amended by adding at the end thereof the following new subsections:

"(b) Where an application for a grant under this part for a community mental health center is made, such application may

not be approved unless the application provides or is supported by assurances that the applicant—

"(1) will provide in that fiscal year, either directly or through affiliation agreements, a program of comprehensive specialized services for the mental health of children. Such services must provide a full range of diagnostic, treatment, liaison, and followup services (as prescribed by the Secretary) for all children and their families in the area in need of such services; and

"(2) will make available consultation and education for personnel of all schools, probation departments, and other community agencies serving children in such area;

"(c) If an application for a grant under this part for a community mental health center is made, such application may not be approved unless such application provides or is supported by assurances that the applicant—

"(1) will provide in that fiscal year, either directly or through affiliation agreements, a program of comprehensive specialized services for the mental health care of the elderly. Such services must provide a full range of diagnostic, treatment, liaison, and followup services (as prescribed by the Secretary) for all elderly persons residing in the area in need of such services; and

"(2) will make available consultation and education for personnel of other community agencies serving the aged in such area;

"(d)(1) Where the Secretary determines that it is feasible for an applicant to provide a program for the prevention and treatment of alcoholism or drug abuse in the area to be served by the applicant and that the need for such a program is of a magnitude that would warrant the provision of such a program by the center, an application for assistance under this part may not be approved unless it contains or is supported by assurances satisfactory to the Secretary that the applicant will provide either directly or through affiliation with other public or private nonprofit agencies such programs in such fiscal year; or

"(2) Where the Secretary determines that it is feasible for the applicant to assist the Federal Government in treatment and rehabilitation programs for alcoholics and drug abusers in the area to be served by the applicant, an application for assistance under this part may not be approved unless it contains or is supported by assurances satisfactory to the Secretary that the center will enter into agreements with departments or agencies of the Government under which agreements the center may be used (to the maximum extent practicable) in the treatment and rehabilitation programs provided by such departments or agencies.

"(e) Any community mental health center which has received approval but not the funding of its application for assistance under this Act prior to June 30, 1973, shall be given a priority with regard to assistance applied for after such date under the provisions of this part."

(g) Section 224(a) of such Act is amended to read as follows:

"SEC. 224. (a) There are hereby authorized to be appropriated to enable the Secretary to make grants to community mental health centers to cover a portion of the costs of operating expenses, under the provisions of this part, $90,000,000 for the fiscal year ending June 30, 1975; $100,000,000 for the fiscal year ending June 30, 1976; and $110,000,000 for the fiscal year ending June 30, 1977. For the fiscal year 1974, and succeeding fiscal years, there are hereby authorized to be appropriated such sums as may be necessary to make grants to such centers which have previously received a grant under this part and are eligible for such a grant for the year for which sums are being appropriated under this sentence."

(h) Section 224 of such Act is further amended by adding at the end thereof the following new subsections:

"(c) No less than 1 per centum of the amount appropriated pursuant to subsection (a) for any fiscal year shall be available to the Secretary for evaluation of programs authorized under this Act. Each community mental health center shall spend no less than 1 per centum of a grant received under subsection (a) for evaluation of its programs' effectiveness in serving the needs of its catchment area community, and reviewing the services provided by the center.

"(d) Except for community mental health centers which have received assistance under this part prior to June 30, 1973 (for which the level of assistance shall remain unchanged), assistance under this part—

"(1) to centers not serving a rural or urban poverty area shall not exceed the lesser of the product of the number of persons served by such center multipiled by $31; $18;

"(2) to centers serving a rural or urban poverty area shall not exceed the lesser of the product of the number of persons served by such center multiplied by $30; or

"(3) Federal funds made available under section 203 or 204, as the case may be, will (I) be used to supplement and, to the extent practical, increase the level of State, local, and other non-Federal funds, including third-party health insurance payments, that would in the absence of such Federal funds be made available for the applicant's comprehensive mental health services or consultation and education services, as the case may be, and (II) in no event supplant such State, local and other non-Federal funds.

"(e) In making grants to community mental health centers under subsection (d)(2) of this section, the Secretary shall require assurances that such added funds shall be equitably used to serve the poor within such poverty area.".

(i) Part B of such Act is further amended by adding at the end thereof the following new section:

"GRANTS FOR CONSULTATION AND EDUCATION SERVICES

"SEC. 225. (a) The Secretary shall make grants to community mental health centers for the cost of consultation services not to exceed—

"(1) for centers not serving a rural or urban poverty area $1.00 per person residing in the catchment area of such center, and

"(2) for such centers serving a rural or urban poverty area $2.00 per person residing in the catchment area of such center.

"(b) There are authorized to be appropriated to carry out the purposes of this section such sums as may be necessary.

"(c) In no case shall funds appropriated under subsection (b) be used for the purposes of section 220.

"PROTECTION OF PERSONAL RIGHTS

"SEC. 226. In making grants to carry out the purposes of this part, the Secretary shall take such steps as may be necessary to assure that no individual shall be made the subject of any research which is carried out (in whole or in part) with funds provided from appropriations under this part unless such individual explicitly agrees to become a subject of such research.

"APPROVAL BY NATIONAL ADVISORY MENTAL HEALTH COUNCIL

"SEC. 227. Grants made under this title for the cost of acquisition and renovation of facilities and for the cost of compensation for operational costs may be made only upon recommendation of the National Advisory Mental Health Council established by section 217(a) of the Public Health Service Act. Grants under section 221(c) of this title for such costs may be made only upon recommendation of the National Advisory Council on Alcohol Abuse and Alcoholism.

"REIMBURSEMENT

"SEC. 228. The Secretary shall, to the extent permitted by law, work with States, private insurers, community mental health centers, and other appropriate entities to assure that community mental health centers shall be eligible for reimbursement for their mental health services to the same extent as general hospitals and other licensed providers.

REPEAL

SEC. 5. Parts C, D, E, and F of the Community Mental Health Centers Act as in effect the day before the date of enactment of this Act are repealed.

By Mr. PACKWOOD:

S. 3392. A bill to amend the Clayton Act to preserve competition in the geothermal energy industry in the United States. Referred to the Committee on the Judiciary.

Mr. PACKWOOD. Mr. President, early last month the Wall Street Journal reported that "interest in geothermal power is shooting up like a geyser in the fuel crisis." That statement was made while the hope for relief from the gasoline shortage had plummeted to a somber low. Yet despite encouraging developments of recent days, including substantial lifting of the oil embargo, the fuel crisis is not over. Nor is the happy prospect of an end to our energy woes within sight. So, we must proceed, as so many have painfully come to realize, to develop new energy sources.

As was amply illustrated this past summer in hearings before the Senate Interior Subcommittee on Water and Power Resources, geothermal power could be an abundant energy resource of important potential—a new energy resource.

Mr. President, to further detail geothermal's possibilities and problems, I ask unanimous consent that testimony I submitted during field hearings in Klamath Falls, Oreg., dealing with this very topic, be included in the RECORD at this point.

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

STATEMENT OF SENATOR BOB PACKWOOD

It gives me a great deal of pleasure to be able to accept Senator Hatfield's kind invitation and give my views on geothermal energy development to the Subcommittee on Water and Power Resources. I am confident that these hearings will provide the subcommittee with a wealth of stimulating and informative testimony from the witnesses gathered here, which will prove an invaluable aid to them in their study of this most vital area of concern.

I certainly do not need to inform the subcommittee of the importance of the job they are doing. The current energy shortage is a crisis which affects us all; its threads are inextricably woven into the fabric of our daily lives. For every man or woman who has driven away from a gas station with his gauge still pointing toward empty, for everyone that has lived through an electric blackout, the energy crisis is a specter that looms ever and ever closer. Although we can buy

ourselves a little time with stopgap measures and temporary relief programs, in the next few years this country is going to become more and more like the man who crawls through the desert in search of an oasis, and each well he comes to is dry. We can no longer afford to vacillate and procrastinate; we must throw all our efforts into a search for a viable and lasting alternative to our present sources of energy supply.

I believe that geothermal energy is such an alternative, and one that deserves a high priority on the list. I will not attempt to go into extensive technical detail; it's not my field, and the subcommittee has no doubt already heard the statistics and opinions and arguments of the most distinguished experts on the matter. It would be redundant for me to try and sell their merchandise secondhand. But I would like to go into the background of the subject just a little bit.

Anyone familiar with the current wave of interest in geothermal energy is bound to ask themselves the question: Why wasn't this looked into before? The answer to that is that it was, but that up until just a few years ago there was a poverty of information on the topic, and the whole field looked terribly uncertain and risky to those who considered investing in it. There were a few attempts to delve deeper, but for the most part they failed.

However, this is all in the past. Now the scenario has changed completely. Now we have the facts and figures which demonstrate conclusively that geothermal energy can work. The experts tell us that in Oregon alone there are nearly 200 hot springs and wells which could over the next fifteen or twenty years provide up to 20,000 megawatts of dry steam. This constitutes a staggering amount of power.

The main impediment to development now is the Federal government. A substantial majority of the prospective sites for geothermal development are on Federally-owned land. Although some major companies have begun drilling on land leased from private owners, the federal territories still lie fallow. The reason for this, as I'm sure you know, is that, although Congress voted to open up this land for energy development years ago, the machinations and endless red tape of Federal bureaucracy have held up implementation of the act Congress approved. Naturally no one wishes to see the balance of the environment disrupted through rash or hasty action on the part of the agencies involved. But at the same time we should avoid any unnecessary delay as much as possible. Complacency is one thing we can't afford. Speed is of the essence.

The other major impediment to exploratory drilling which the Federal government has previously placed on those companies interested in tapping the resources of geothermal energy is the lack of any tax incentive. Companies drilling for other forms of natural power have always been protected by a deduction allowing for the uncertainty involved in any kind of test drilling. This is a just and necessary measure. However, because of a small technicality in the wording of the provision, geothermal energy has been exempted from the benefits of this measure. This means that only the largest companies are even able to consider geothermal energy; for the smaller groups, it's simply impossible in terms of financing.

I'm sure that other witnesses will be able to give you this history in much fuller detail. I merely wished to summarize it briefly in order to clarify my position.

Because of the current and growing energy shortage all across the country, what before was a regrettable oversight on the part of the government is now on the verge of becoming a major mistake. I previously mentioned the fact that most of the established sources of energy in our country are rapidly becoming insufficient to our vast need, or else are simply disappearing from the earth due to that same insatiable need. In the light of this, the need for new types of energy is crucial. It's time for the government to start providing active encouragement to the people who are willing to go out and tap this lode if we don't stand in their way.

There has been some improvement in recent months. The Department of the Interior has recently revised their rules and regulations concerning geothermal energy, after long months of total inactivity in spite of the energetic attempts of a few interested persons to generate some action on their part. The draft environmental statement necessary for any leasing of Federal lands has finally appeared. The interest of this very subcommittee in the topic points to a most encouraging trend toward recognition of the potential of geothermal energy.

But I submit that this is not enough. I submit that the government must provide more incentive and more dynamic encouragement to these companies. Certainly geothermal energy is by no means the only, or the final answer. But it is still a cheap and—this is most important—cleaner form of energy, and one in vast abundance.

It seems to me that if we don't move, and move soon, to exploit this rich opportunity, which could go a long way toward curing the energy crisis, then the question we will all be forced to answer the next time we all go home wont be about Watergate, or inflation, or the price of beef, but simply: "Where were you when the lights went out?"

Mr. PACKWOOD. And so, Mr. President, if this frontier is to be explored, if we are to realize the greatest benefits of geothermal power with a minimal commission of mistakes, we must plan now. We must be careful not to commit past errors—mistakes made more evident with each passing day—in the development of geothermal power. For if any lesson has been learned from the energy crisis in the last 6 months, it is the fact that none of this would have occurred if 60 years ago economic interests had not crowded out the public interest in the development of oil.

Well, Mr. President, it has all come to a head in the last 6 months. Too little planning, a lack of coordinated knowledge, not enough openness on the part of oil companies. Much of the blame for the mess we are in, and I will grant you not all of it, must be borne by the oil conglomerates. The oil companies' fingers in the energy pie have added up to a doubled-up fist which in recent months came dangerously close to delivering a knock-out punch to the consumer. Geothermal's potential amounts to a bonus slice of pie. But, big oil must not be allowed to change the public's bonus to bogus. For if we are to avoid the sorry state of energy oligopoly, it is imperative that the oil companies not be allowed to shape the destiny of yet another energy source—geothermal power. It is against this country's best interests to allow oil companies to control every segment and every phase of energy production. And, Mr. President, for the lack of direction, by governmental default, the oil companies are being allowed full claim to geothermal power. If we do not move now, I am convinced in the future, Congress and the American public will again be asking themselves, just as they are today about oil profits, how did we allow geothermal energy production to become dominated by a few conglomerates who, because of possible collusion or a noncompetitive environment, are suspect of price-fixing, of manipulation, or of fouling the public trust? How often, Mr. President, are we going to allow this country to be governed by crisis and default, instead of by foresight and anticipation? And make no mistake, we are already on the road to oil company domination of the geothermal area.

Applications for geothermal resource leases read like a cluster of gas station signs off of any interstate highway. Of 458 applications in my State of Oregon alone, 73 were from Sun Oil Co.; Chevron racked up 48; Shell Oil Co. paid $4.5 million in California to develop resources of 3,874 acres; and Union Oil Co. is already operating commercially in California. Mr. President, I ask unanimous consent that articles from the Oregonian and the Wall Street Journal, further explaining the great geothermal land rush, be inserted in the RECORD at this point.

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

[From the Oregonian, Feb. 2, 1974]

BIG NAMES OF ENERGY INDUSTRY BID ON OREGON GEOTHERMAL LAND

(By Andrew Mershon)

Oregon's geothermal wildcat leasing drew some of the biggest names in energy and industry Friday. Sixty-four corporations or individuals entered proposals on about one million acres of Oregon and 300,000 acres of Washington.

The Hunt family of Texas was heavily represented in the leasing, as were J. Paul Getty, Howard Hughes and L. H. Armour Jr. of Armour & Co.

Burlington Northern was a bidder as were Chevron Oil, Gulf Oil, Sun Oil and the City of Burbank, Calif.

In all, it was an afternoon of surprises. Bidding patterns established at least one new known geothermal resource area (KGRA) in the Newberry Crater area south of Bend. The reaction to the heavy interest in Newberry was immediate. It will require a formal environmental impact statement, and the state's most vocal geothermal promoter, Richard Bowen of the Geology Department, said he would fight any leasing of Newberry.

"The recreational potential is too high there; we have other sites, too many of them, to spoil that area. Geothermal does not belong in Newberry," he said flatly.

Newberry Crater, and the townships surrounding it, was perhaps the heaviest bid. The Bureau of Land Management map showed hundreds of lease applications, some two and three deep on the same parcels.

The pattern of lease applications was fairly scattered over Eastern Oregon, although no interest has yet been shown in the Baker area.

Applications were made on several hot springs in the Cascades, from Southern Oregon to the Canadian border. Washington state leasing was heaviest south of Mt. St. Helens.

Sun Oil Co. was the biggest filer in Oregon, with 73 applications; California Geothermal Inc. had 50 applications in Washington, Chevron filed 48 in Oregon and three in Washington.

Former Oregon geologist John Hook, now living in Kentucky, filed on one lease by mail.

BLM said it still cannot say where individual lease proposals are located. A crew of 14 worked until 1 a.m. Friday and from 7 a.m. until noon to serialize applications and post approximate locations on maps of Oregon and Washington. The markers are not identified by applicant, however.

"It looks like Oregon's been invaded by Texans and Californians," Noeth Gillette, agent for several applicants, commented later. "Do you think Oregon will ever be the same again?"

[From the Wall Street Journal, Feb. 21, 1974]

ENERGY SHORTAGE INSPIRES A BIG RUSH TO DEVELOP GEOTHERMAL POWER SOURCES

(By Earl C. Gottschalk, Jr.)

Federal lands were opened for the first time last month to exploration for steam and hot-water energy from the earth's innards, and the tallies of applications now available show that interest in geothermal power is shooting up like a geyser in the fuel crisis.

Bureau of Land Management offices in 10 western states were swamped with 2,456 applications for the privilege to poke around for pockets of potential geothermal power on 5.3 million acres of federal land. The Oregon-Washington region alone, for example, was inundated by 609 applications covering 1.4 million acres. D. B. Lightner, a bureau official in Portland, says 300 forms in the mail would have been cause for excitement.

On federal lands where geothermal resources are already known to exist, competitive bids were accepted for the first time on Jan. 22 in California. High offers totaled $6.8 million for 23,441 acres. The top bid was put in by Shell Oil Co., which paid $4.5 million to develop resources on 3,874 acres in the Geysers, one of the country's richest geothermal areas, 75 miles north of San Francisco.

When he saw the Shell bid, bureau official Walter Holmes says, "I almost dropped my store teeth." A decade ago, he says, leases on private land in the Geysers were selling for 20 cents an acre. (Other states will open federal lands for bids at later dates.)

FORGING NEW ALLIANCES

The geothermal rush is drawing hundreds of entrepreneurs besides the big oil and gas companies. It is also forging new alliances of major corporations and small geothermal companies that have know-how in the field. They are all trying to get in on the ground floor in exploiting a resource with great possibilities, but one that still had a long technological road to travel before there are profits to justify the high price of leases.

Technological hurdles might be easier to jump now that the fuel crisis is goading the federal government into providing more money for energy research. A proposed $20-billion federal energy research effort could channel federally guaranteed loans of up to $50 million into geothermal projects. The Senate recently passed a bill calling for this, and the House is pondering a similar idea.

Nobody is touting geothermal energy as the whole answer to the energy crisis, but by some estimates its contribution to the country's energy needs could be substantial by the end of the century. Only one field is operating commercially so far, providing steam to generate electricity for San Francisco. The power plant, in the Geysers, is a joint venture operated by Union Oil Co. The process, simply enough, is to pass steam or hot water from deep within the earth through turbines or heat exchangers used to produce electricity.

COMPETING BIDS

In all, the federal government has staked out 58 million acres in 14 western states where geothermal prospects might be located. They constitute about 60% of the country's geothermal resources. From now on, the government will be opening up lands for lease applications every month.

An applicant isn't expected to have discovered a geothermal resource. But he has to be fairly confident that one is there. For the first five years of the lease, the government charges $1 an acre rent. In each of the next five years of the lease, the rent goes up another $1 an acre. And the applicant is also required to spend at least $100,000 in an attempt to tap geothermal energy.

The smallest parcel available is 640 acres, and the largest, in any one state, is 20,000 acres. When two or more applications are filed for the same tract, as was frequently the case last month, the leases are opened to competitive bidding to resolve the conflicts.

Major oil companies had interests in applications for leases in every state where geothermal land was opened in January. Other big concerns—and even one city—are linking up with geothermal companies, often to take advantage of leases they already hold on private lands.

American Thermal Resources Inc., a small company that holds a lease in Nevada's Whirlwind Valley, is drilling an exploratory well there with the help of Chevron Oil Co., for instance. Magma Power Co. and its partly owned subsidiary, Magma Energy Co., are two small geothermal concerns that say they are having "serious discussions" with Dow Chemical Corp. about the possibility of developing 75,000 acres of leased geothermal land in California.

GEOTHERMAL PAY DIRT

Going it alone, Gulf Oil Co. says it drilled five geothermal wells after entering the arena last year and has eight more on schedule in 1974. A Gulf spokesman says the company has "hundreds of thousands of acres of geothermal leases in the West." Union Oil, the company that runs the geothermal generating plant in the California Geysers area, says it has hit geothermal pay dirt in New Mexico's Sandoval County, north of Albuquerque. A well drilled there, the company reports, was "equal to some of the better wells" in the Geysers, and may have commercial potential.

The city of Burbank, Calif., whose publicly owned utility has been enduring hard times in the energy crisis, is devoting $1.1 million to a search for geothermal energy. The money was used by a company called Republic Geothermal Inc., to bid on leases in central and southern California. Other small utilities might do well to take notice of Burbank's lead, says Robert Rex, who was a geologist at the University of California and an executive at Pacific Energy Corp. before he formed Republic Geothermal. "They don't want to be at the mercy of an oil cartel in the Middle East that dictates what energy prices will be in the U.S., he says.

But small utilities and giant companies are finding it somewhat frustrating to get geothermal power out of the ground. They are struggling with the paperwork of environmenttal impact statements that must accompany the projects. They are faced with materials shortages, particularly a current paucity of pipe. And, most important, many remain slowed by technological problems.

California's Imperial Valley, for instance, is an area harboring a vast reservoir of subterranean hot water, ripe for exploitation. San Diego Gas & Electric has been planning to build a $3 million geothermal power plant in the valley. But the company has been pushed a year behind schedule because brine in the underground water fouls the heat exchangers.

Mr. PACKWOOD. Mr. President, recognizing this trend for what it is—furtherance of the energy oligopoly—I am introducing legislation which will prevent oil companies from reaching out, from grasping and controlling geothermal power. The Geothermal Energy Industry Competition Act simply stated would prevent any person engaged in extracting crude petroleum from acquiring any geothermal energy production asset. It is legislation that anticipates a condition which if unchecked will surely be the subject of congressional investigation and public uproar 20 years from now; for just as we find ourselves in an oil dilemma today, it will be the geothermal controversy that shall surround us tomorrow, unless we look to the future with keener vision.

I ask unanimous consent 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. 3392

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 "Geothermal Energy Industry Competition Act".

SEC. 2. The Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914 (15 U.S.C. 12–27), is amended by inserting after section 7 the following new section:

"SEC. 7A. (a) It shall be unlawful for any person engaged in commerce in the business of extracting crude petroleum to acquire any geothermal energy production asset after the date of enactment of the Geothermal Energy Industry Competition Act.

"(b)(1) It shall be unlawful for any person described in subsection (a) to own or control any asset, the acquisition of which by him is prohibited under such subsection, more than three years after the date of enactment of the Geothermal Energy Industry Competition Act.

"(2) Each such person which, on the date of enactment of the Geothermal Energy Industry Competition Act owns or controls any asset which that person is prohibited, under subsection (a), from acquiring shall, within 120 days after such date, file with the Attorney General such reports relating to those assets as he may require, and shall, from time to time, file such additional reports relating to those assets as the Attorney General may require.

"(c) It shall be the duty of the Attorney General to commence a civil action for appropriate relief, including a permanent or temporary injunction, whenever any person violates subsection (a) or (b). Any action under this subsection may be brought in the district court of the United States for the district in which the defendant is located or resides or is doing business, and such court shall have jurisdiction to restrain such violation and to require compliance.

"(d) Any person knowingly violating the provisions of this Act shall upon conviction be punished by a fine of not to exceed $100,000 or by imprisonment not exceeding ten years, or both, in the discretion of the court. A violation by a corporation shall be deemed to be also a violation by the individual directors, officers, receivers, trustees, or agents of

such corporation who shall have authorized, ordered, or done any of the acts constituting the violation in whole or in part.

"(e) For purposes of this section, the term—

"(1) 'geothermal energy production asset' means any asset used for the exploration or development of geothermal energy or used for the extraction of geothermal energy; and

"(2) 'asset' means any property, whether real or personal, and includes stock in any corporation which is engaged (directly or through a subsidiary or affiliate) in the business of extracting or producing geothermal energy."

By Mr. MUSKIE (for himself and Mr. JAVITS):

S. 3393. A bill to provide for the establishment of a new office in the Executive Office of the President and of a joint committee in the Congress in order to supervise policies and procedures with respect to the development and review of national defense and foreign policies of the United States and the protection and disclosure of information relating to such policies, and for other purposes. Referred to the Committee on Government Operations.

GOVERNMENT SECRECY CONTROL ACT OF 1974

Mr. MUSKIE. Mr. President, the practice of Government secrecy gives a higher priority to confidentiality than to candor. It encourages deception instead of disclosure. And it feeds the suspicion of many Americans that their Government will not tell them the truth.

Yet, as we all recognize, a certain degree of secrecy is essential to protect our defense and to promote the success of our foreign policies in a world where nations hostile to our interests hold both the power and the intent to undermine our cause and that of freedom.

In our democracy there is an inherent conflict between the need for secrecy and the need for a fully informed public. The only answer to that conflict is to find the balance between a society that is open and one that is dangerously exposed.

That balance is not easy to strike or keep. In recent years especially, as Presidential authority to determine our national security interests grew without effective check, the balance was upset. Secrecy—often self-serving, often unjustified—expanded at the expense of public knowledge and public trust.

Mr. President, the legislation I introduce today with the cosponsorship of the distinguished senior Senator from New York (Mr. JAVITS), the Government Secrecy Control Act, is an effort to restore the balance between secrecy and accountability by restoring the balance between the powers of the executive and legislative branches over national security policy and the information essential to its determination.

I view this bill as part of the broad, historic effort by the 93d Congress to redress the constitutional balance between the branches. It is a companion measure to the war powers legislation enacted over the President's veto and to the executive privilege and impoundment bills the Senate passed last session. I also see it as complementing the intent of the Budget Reform Act we recently approved, another means to strengthen the Congress by organizing it to inform itself and act effectively on vital issues.

There are pending in the Senate and the other body many interesting and important proposals to reexamine and restructure executive secrecy practices. Some would fix the time that information could be kept secret and restrict the numbers of officials who could impose secrecy. Some would vest extensive powers of review over the administration of information classification practices in a new, independent authority—a proposal I introduced in December 1971. And some would create in Congress a committee with power to declassify any information it found worthy of disclosure in the public interest.

The legislation I offer today incorporates some of the features of other bills. But it approaches the problems of secrecy from the perspective of sharing a constitutional power, the power to withhold or disclose sensitive information.

By default and inaction, responsive to the perceived, leading role of the President in dealing with cold war tensions, the Congress has permitted that power over information to lodge exclusively in the Executive. And the result of our one-way grant of discretion over secrecy policy has, inevitably, been abuses of power, a system of information classification which serves neither the interests of intelligent policymaking nor the requirements of an informed citizenry.

I do not need to review here the record of secrecy abuses in this administration and its predecessors. It is enough to note that standard classification stamps on documents no longer serve to protect information from disclosure. On the contrary, a "secret" marking on an official document often makes officials and journalists suspect that the contents are being hidden from the public more to conceal mistaken or questionable actions, than to promote national security.

The administration recognized this widespread disdain for the classification system in 1972 and issued Executive Order 11652 to reform the system. On the whole, the intent of the reforms is good. But their implementation has been haphazard at best.

The Government-wide machinery established to police the reforms, the Interagency Classification Review Committee, has not proved as effective as it should. One reason for its inadequacy is simple: it has no bureaucratic power. The full committee meets once a month in the White House, but its real work is carried out from an office in the Archives, where the committee staff consists of only two people: an Executive Director and his secretary.

If we understand that decisions on requiring or dropping secrecy are essentially matters of individual judgment where precise standards cannot be automatically applied to every case, then we realize that the surest way to regulate the thousands of officials who must make such judgments daily is to subject their decisions to continuous, impartial review. The review procedures in Executive Order 11652 are a step in the right direction, but the step is incomplete. All of the review is carried out inside the executive branch, and most of it is carried out at the lower policymaking levels of the very agencies where the volume of classified information—and of information improperly classified—is greatest.

The Government Secrecy Control Act would strengthen that review process within the executive branch. But, more importantly, it would expand the review power to Congress. By sharing the discretion to impose and maintain secrecy, the legislation would assure that the difficult, delicate, individual judgments about secrecy are checked and rechecked. Only through such thorough review can we establish that elusive, essential balance between secrecy and openness.

The review would begin in the executive branch, where a new office—with the power and staff which the Interagency Committee now lacks—would be established in the White House for the Registrar of National Defense and Foreign Policy Information. The Registrar would be a Presidential appointee, confirmed by the Senate, with power to oversee and regulate secrecy practices throughout the Federal Government.

He would also have the key function of compiling a monthly index, a register of classified information from every agency. It would be his responsibility to check the entries on that register to see that they actually describe the records being kept secret and their origin and location, and to see that the duration of secrecy imposed on them meets the policy standard of the act.

The bill, additionally, will link the Freedom of Information Act and its intent of broadening public access to official information directly to the reformed classification system. No information relating to national defense or foreign policy could be withheld from the public under the first exemption from disclosure in the Freedom of Information Act, unless the documents or records containing that information had been indexed on the register.

Under the provisions of the National Security Council directive of May 17, 1972, implementing the Executive order such indexing is supposed to be standard practice for classified material judged to have "sufficient historical or other value appropriate for preservation," including all top secret documents and all secret and confidential documents which are exempted from the order's general declassification schedule. In fact, some agencies are indexing all of their classified material. But the Defense Department, which generates the largest volume of such information, is only now beginning—late and tentatively—to establish any such index at all.

In compiling a Government-wide central index, the Registrar will act as the first line of defense against classification abuses. Able to know what is being kept secret, his office will also be able to correct improper agency secrecy practices.

Without such knowledge, no one can hope to bring the classification system under control. With an effective index in operation, officials will be able to inspect the system, trace its flaws, and make it stronger.

The Register compiled in the White House will also be transmitted every month to the New Joint Committee on Government Secrecy, in effect, the second line of defense against unjustified secrecy. The first of the committee's specific tasks will be to review the monthly Register as a way of reviewing the performance of the Registrar and of the agencies under his supervision.

The committee will have explicit authority to obtain documents or records listed on the Register and, if it finds them improperly classified, to direct that they be disclosed or that the date of their declassification be changed. If this legislation would make the Registrar a "secrecy czar," it would also make the joint committee a powerful watchdog over his office and authority.

The committee will be authorized to take "necessary or appropriate" action to enforce compliance with its subpenas or directives on a recalcitrant agency. Specifically, the committee will have the power to go to the U.S. district court to seek judicial enforcement of its will, just as the Watergate Committee is now doing in the matter of its contested subpena of President Nixon's records.

The committee's second specific task would be that of developing procedures for congressional handling of secret information. Few of our committees now have precise rules for handling classified records, and none have their own standards for security clearance of congressional employees. As a result, Members of Congress and their staffs are really at the mercy of executive decisions as to who may see or discuss what information. The joint committee, would be able to establish the basic ground-rules for the entire Congress in this respect and, in consultation with the Registrar, would act as arbiter between Members or committees of Congress seeking access to classified information and agencies seeking to withhold it or to dictate the terms of its disclosure.

More broadly, the joint committee would have the role of overall congressional monitor of national security policy. With the information available from the index, the committee will be in a position to steer other committees, foreign relations and armed services most obviously, into areas of inquiry and oversight they might otherwise miss. But the joint committee's own oversight should extend to assisting the coordination of policy by often competitive executive departments and to assuring a channel of full communication and current consultation between those departments and the Congress.

Finally, the legislation sets a standard for secrecy embodying both the positive finding that information is permitted to be kept secret only when its disclosure "would harm the national defense or foreign policy" and the negative rule that information shall not be concealed to hide "incompetence, inefficiency, wrongdoing or administrative error" or simply to avoid embarrassing officials or agencies. That standard is not precise and automatic. I believe, as I said earlier, that no one standard can be.

But, by design, the standard differs from existing practice in the executive branch by requiring classifiers to make a determination that disclosure would harm national defense or foreign policy, not the broader, more inclusive and less precise concept of "national security." The proposed narrowing of the standard reflects my concern that too loose a terminology in the past has permitted many of the abuses of classification authority. The tighter language should serve both to protect secrets which are vital and to encourage the flow of information which must be shared among our policymakers and with the public.

One of the most serious concerns with excessive secrecy is the role it plays in bureaucratic gamesmanship, enabling one official to keep his proposals and actions hidden from others who share his concerns, but not necessarily his views. It is essential that policy be made after the most exhaustive examination of alternatives and the fullest debate. When secrecy is used to short-circuit dissent, when policy is shaped by only a select few, it becomes doubly difficult to conduct policy or insure support for it even within the Government.

Unlike similar legislation offered in this Congress, the Government Secrecy Control Act dictates few specific practices to the Executive with respect to the length of time information may stay classified or the agencies or officials who may classify. The bill would establish the presumption that any classified material more than 10 years old be considered declassified unless the registrar, with prompt, specific notification to the joint committee, decided to enter it on the index. It would also give agencies 4 years in which to review their files of classified material originated within 10 years of the enactment of this legislation and to decide which records in those files should be put on the Register and which should be declassified.

But I regard declassification schedules and classification authority as being primarily housekeeping concerns which can best be regulated by the executive itself under the review of an informed Congress. One problem with mandating such limits now is that we lack information on the actual operation of the classification system. After the joint committee has been at work for a time, we may be in a better position to legislate in detail.

One danger in fixing secrecy time limits by law, rather than encouraging flexibility in practice, is that maximums become minimums. Thus, if a document classified "confidential" is required to be declassified 4 years after its origin as the present Executive order mandates, it will stay secret for 4 years, even if the information it contains only needs protection for 10 days.

Those who originate classified material should think of its declassification less in terms of months or years and more in terms of the events to which the material relates and the need of the community—scientific, specialized, or general—for access to information. Again, the considerations are subtle judgments about balance. Such decisions cannot be greatly facilitated by concrete time limits.

Also, unlike the proposal I offered myself over 2 years ago, this legislation would not establish an independent classification review authority, but would strengthen review procedures within the executive and impose a new level of congressional review. I have concluded that a branch with equal power—not an independent body—can best exert the necessary check over another branch. The Congress shares responsibility with the executive for the conduct of the national defense and of foreign policy. We should equip ourselves to carry our share of that responsibility fully.

Mr. President, Lord Acton is famous for his aphorism on the corrupting effect of absolute power. He also said, in the same vein:

> Everything secret degenerates, even the administration of justice; nothing is safe that does not show it can bear discussion and publicity.

It is the purpose of the Government Secrecy Control Act to share what has been absolute power over secret information and to insure, through that constitutional division of power and responsibility, that we halt the degeneration of public trust that stems from excessive secrecy.

The balance between openness and overexposure in a free society in an unfree world is, I acknowledge, extremely difficult to find and perhaps even harder to maintain under the pressure of events. But it was the proud boast of Pericles, in his funeral oration for the men of Athens who died in the first year of the Peloponnesian War, that—

> We Athenians are able to judge . . . all events . . . and instead of looking on discussion as a stumbling block in the way of action, we think it an indispensable preliminary to any wise action at all.

Our heritage of free speech is in the Athenian tradition. Like Pericles, we cherish the faith that men can govern themselves, that they can choose between right and wrong policies, that they can bargain openly in the marketplace of ideas and can strike the proper balance between private interest and the public good.

Secrecy upsets that balance. It corrupts the commerce of ideas. It blurs the distinction between right and wrong, and it erodes the foundation of self-government.

It is my hope that with this legislation we can begin to regain control over secrecy in Government, that we can further redress the balance of power between the branches of Government and between the Government and and the governed.

Mr. President, I ask unanimous con-

sent that the text of the bill be included in the RECORD at this point.

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

S. 3393

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. That this Act may be cited as the "Government Secrecy Control Act of 1974".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. Congress finds and declares that—

(1) the development and review of the national defense and foreign policies of the United States are Constitutional responsibilities which are shared by the legislative and executive branches of the Federal Government;

(2) the proper execution of the shared constitutional responsibility requires that maximum access to information relating to national defense and foreign policies must be afforded to the Congress;

(3) there is a need for the maintenance of procedures under which certain information relating to the national defense and foreign policies of the United States be kept secret; and

(4) the excessive or unnecessary imposition of secrecy limits access to such information and thereby prevents Congress from carrying out its constitutional responsibility in the development and review of such policies, hinders the proper development and execution of such policies within the executive branch, and impedes public understanding of such policies and their implementation.

(b) It is the purpose of this Act to establish in the Congress and in the executive branch a system to assure that national defense and foreign policy information is made available as necessary for the fulfillment of the Congress' constitutional responsibilities, to assure that procedures are established and maintained to protect information which in fact requires secrecy, and to promote the maintenance of an informed public.

STATEMENT OF POLICY

SEC. 3. It is the policy of the United States Government to permit information relating to the national defense or foreign policy of the United States to be kept secret only when the disclosure of such information would harm the national defense or foreign policy or when such information has been provided to the Government of the United States by a foreign government or international organization pursuant to an agreement which conforms to the policy of this section and which precludes the release of such information without the consent of that foreign government or international organization. It is also the policy of the United States Government not to permit information to be kept secret in order to impede access by Congress to such information or to conceal incompetence, inefficiency, wrongdoing, or administrative error, to avoid embarrassment to any officer or agency, or to restrain competition or independent initiative.

JOINT COMMITTEE ON GOVERNMENT SECRECY

SEC. 4. (a) (1) There is hereby established a Joint Committee on Government Secrecy (hereinafter referred to as the "Joint Committee") which shall be composed of the Speaker of the House of Representatives, the majority and minority leaders of the Senate and the House of Representatives, four other Members of the Senate appointed by the President of the Senate, and four other Members of the House of Representatives appointed by the Speaker of the House of Representatives.

(2) A vacancy in the Joint Committee shall not affect the power of the remaining members to execute the functions of the Joint Committee, and shall be filled in the same manner as the original selection. The chairman of the Joint Committee shall be selected by the members of the Joint Committee.

(3) The Joint Committee and any subcommittee thereof, is authorized, in its discretion (A) to make expenditures from the contingent fund of the Senate, (B) to employ personnel, (C) to hold hearings, (D) to sit and act at any time or place during the sessions, recesses, and adjourned periods of the Congress, (E) to require, by subpena or otherwise, the attendance of witnesses and the production of correspondence, books, papers, and documents, (F) to take depositions and other testimony, (G) to procure the temporary services (not to exceed one year) of experts or consultants or organizations thereof by contract at rates of pay not in excess of the per diem equivalent of the highest rate of basic pay paid under the General Schedule of section 5332 of title 5, United States Code, including payment of such rates for necessary traveltime, and (H) with the prior consent of the Government department or agency concerned, to use on a reimbursable basis the services of personnel of any such department or agency.

(4) Subpenas may be issued by the Joint Committee or by a subcommittee thereof, over the signature of the chairman of the Joint Committee or subcommittee or any member designated by either of them, and may be served by any member designated by any such chairman or member. Any such chairman or member may administer oaths to witnesses.

(5) Service of a Senator as a member or as chairman of the Joint Committee shall not be taken into account for the purpose of paragraph 6 of Rule XXV of the Standing Rules of the Senate.

(6) The expenses of the Joint Committee shall be paid from the contingent fund of the Senate on vouchers approved by the chairman of the Joint Committee

(b) (1) It shall be the principal duty of the Joint Committee to review the practices of Government departments and agencies originating or having custody of information designated to be kept secret pursuant to the policy of this Act and, upon determination that such practices fail to conform to that policy, to direct their revision. In carrying out this duty, the Joint Committee shall receive and review the Register of National Defense and Foreign Policy Information when transmitted under section 6(d), receive reports from the Registrar of National Defense and Foreign Policy Information, and receive notifications from the Registrar under section 6(c)(2) and (3) and section 7(b). In conducting such review, the Joint Committee may direct any agency originating or having custody of a document or other matter with respect to which an entry on the Register is made, to furnish that document or other matter to the Joint Committee for inspection to determine the propriety of the extent of protection accorded the document or other matter.

(2) Having conducted such inspection and reached such a determination, the Joint Committee shall, when appropriate, direct the public disclosure, in whole or in part, of such document or other matter or direct that the date entered on the Register in accordance with section 6(c)(1)(F) be changed.

(3) Upon consideration of reports from the Registrar and notifications from the Registrar in accordance with sections 6(c)(2) or (3) and section 7(b), the Joint Committee may direct the Registrar to modify authorizations given for aggregate entries on the Registar or for substituting codes for names of officials originating documents or other matters and may direct the Registrar to remove from the Register any entry or portion of any entry made for documents or other matters originated 10 years or more prior to the effective date of this Act.

(4) (A) Directives, including supenas, issued by the Joint Committee under paragraph (2) or (3) shall issue upon a two-thirds vote of the Members of the Joint Committee. In the case of any failure of the Registrar or any agency to respond within 15 days to directives or subpenas issued under paragraph (1), (2) or (3), the Joint Committee shall take such other action as may be necessary or appropriate, including bringing an action to enforce its directive or subpena.

(B) The United States District Court for the District of Columbia shall have original jurisdiction of actions brought pursuant to this paragraph without regard to the sum or value of the matter in controversy. The court shall have power to issue a mandatory injunction or other order as may be appropriate, and to make and enter a decree enforcing, modifying and enforcing as so modified, or setting aside in whole or in part the subpena or directive issued pursuant to this clause. The Joint Committee, in bringing or prosecuting an action pursuant to this paragraph, may be represented by such attorneys as it may designate. Appeal of the judgment and orders of the court in such actions shall be had in the same manner as actions brought against the United States under section 1346 of title 28, United States Code. The courts shall give precedence over all other civil actions to actions brought under this paragraph.

(c) It shall also be the responsibility of the Joint Committee to—

(1) recommend to Members and to other committees of Congress procedures for protecting or disclosing documents or other matters held by Members or committees and designated secret by authorized officials of the Executive Branch pursuant to the policy of this Act;

(2) recommend action by other committees or officers of Congress to be taken on requests for public disclosure of or access to documents or other matters originated by them or under their control and designated secret by them or other agencies of Congress; and

(3) recommend to Members and to other committees of Congress procedures for granting or denying employees of Congress access to documents or other matters designated secret pursuant to the policy of this Act and for disciplining any such employees for breaching such procedures.

(1) make available to Members and other committees of Congress and to the public such portions of the contents of the Register and such reports from the Registrar as the Joint Committee decides independently or upon request are necessary to the activity of Members or committees of Congress or appropriate to the maintenance of an informed public; and

(2) recommend to the Congress such legislation relating to the protection or disclosure of information dealing with the national defense or foreign policy as may be necessary or appropriate; and

(3) file reports at least annually, and at such other times as may be appropriate, with the Senate and the House of Representatives, containing its findings and recommenda-

tions with respect to the matters under its jurisdiction.

REGISTRAR OF NATIONAL DEFENSE AND FOREIGN POLICY INFORMATION

SEC. 5. (a) There is hereby established in the Executive Office of the President an Office of National Defense and Foreign Policy Information (hereinafter referred to as the "Office"). The Office shall be headed by a Registrar of National Defense and Foreign Policy Information (hereinafter referred to as the "Registrar") who shall be appointed by the President, by and with the advice and consent of the Senate.

(b) It shall be the function of the Registrar—

(1) to compile and transmit the Joint Committee on Government Secrecy a Register of National Defense and Foreign Policy Information in accordance with the provisions of section 6;

(2) to review entries on the Register to determine whether they comply with the policy stated in section 3, and with the provisions of section 6 of this Act, and to adjust those entries which are not in compliance with that policy or section or with the standards established by statute or Executive Order consistent with the policy of this Act for the imposition and duration of secrecy on information relating to the national defense and foreign policy of the United States;

(3) to recommend to the President, after reviewing existing orders and regulations and their administration, procedures authorizing Federal departments and agencies and the officials thereof to designate information relating to the national defense and foreign policy to be kept secret and to withdraw such designations and providing for the monthly submission by such departments, agencies and officials of entries for the Register;

(4) to report not later than March 31 of each year, to the President and the Congress on the administration of such regulations and orders within the executive branch, including (A) the numbers and titles of officials within Federal departments and agencies authorized to designate information relating to the national defense and foreign policy to be kept secret and to withdraw such designations, (B) the number of documents or other matters designated to be kept secret and withdrawn from secrecy during the preceding 12 months in each Federal department and agency, (C) the number of such documents or other matters designated in each Federal department and agency during that 12 months to be kept secret for a period in excess of 3 years from the date of origination of the document or other matter, and (D) the number and result of investigations in the preceding 12 months in each Federal department and agency into breaches of such regulations and orders;

(5) to review with the appropriate officials of any Federal department or agency any proposed final administrative action which would deny access by any person to information requested to be made available to that person under section 552 of title 5, United States Code, on the grounds that such information is exempted from disclosure to the public under the terms of subsection (b)(1) of that section and to approve or disapprove such action; and

(6) to review and promulgate regulations to standardize such other practices within the executive branch relating to secrecy of information, including security clearance procedures, routing designations for information and security measures for automatic data processing systems of secret information, as the Registrar deems necessary and appropriate to the fulfillment of the purposes of this Act.

(c) The Registrar is authorized (1) to appoint such officers and employees as may be necessary to carry out his functions; (2) to employ experts and consultants in accordance with section 3109 of title 5, United States Code, at rates not in excess of the maximum daily rate prescribed for GS-18 under section 5332 of such title for each day they are so employed (including traveltime) and pay such persons travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of such title for persons in Government service employed intermittently; and (3) to the fullest extent possible, to utilize the services, facilities, and information, including statistical information, of other Federal agencies in carrying out his functions.

(d) The Interagency Classification Review Committee established by Executive Order 11652, March 8, 1972, is hereby abolished, and the personnel, assets, liabilities, property, and records thereof are hereby transferred to the Registrar.

(e) Section 5313 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(22) Registrar, National Defense and Foreign Policy Information."

MAINTENANCE OF THE REGISTER OF NATIONAL DEFENSE AND FOREIGN POLICY INFORMATION

SEC. 6. (a) Any document or other matter which is originated after the effective date of this Act may not be kept secret pursuant to the policy of this Act or withheld from the public in accordance with section 552 (b)(1) of title 5, United States Code, unless an entry in the Register of National Defense and Foreign Policy Information meeting the requirements of this section is made with respect to such document or other matter.

(b) In carrying out his functions under section 5(b) the Registrar shall follow the procedures established in this section. Any document or other matter in the custody of the United States Government which is designated to be kept secret pursuant to the policy of this Act shall be entered on the Register in accordance with subsection (c) within twenty days after the date on which the document or other matter was originated, except that, in the case of any document or other matter which is originated outside the United States (other than a document or other matter originated by a foreign government), such entry shall be made within twenty days after the date on which that document or other matter was received by an agency in the United States.

(c)(1) Except as provided in paragraphs (2), (3), and (4), each entry required to be made in the Register shall contain the following information:

(A) a concise and complete description of the subject matter, including the title, if any, of the document or other matter;

(B) the name of the agency which originated the document or other matter;

(C) the name and title of the official who designated the document or other matter to be kept secret;

(D) the name of each agency to which such document or other matter was disseminated;

(E) the date on which the document or other matter was originated and the date on which it was designated to be kept secret; and

(F) the date on which such designation of the document or other matter can be withdrawn pursuant to the policy of this Act.

Each entry shall be indexed alphabetically by the title or subject matter of the document or other matter, and alphabetically by the name of the agency which originated the document or other matter.

(2) At the discretion of the Registrar and upon timely explanatory notification by the Registrar to the Joint Committee, agencies are authorized to make aggregate entries on the Register with respect to categories of documents or other matters which are too voluminous in quantity or too similar in content to require separate indexing.

(3) At the discretion of the Registrar and upon explanatory notification to the Joint Committee, agencies are authorized to substitute for the name and title of the official required by paragraph (1)(C) of this subsection a code and title identifying such official whose activity in gathering, transmitting, or analyzing secret information requires anonymity in the interest of his personal safety.

(4) No document or other matter destined for disposal within 60 days of its origination, such as a working paper or draft report, is required to be entered on the Register.

(d) A Duplicate Register covering all documents or other matters determined to require protection shall be transmitted to the Joint Committee not later than the fifth day of the month following the month in which such determinations were made.

TRANSITIONAL PROVISIONS

SEC. 7. (a) Upon the expiration of 4 years following the effective date of this Act, no document or other matter which was originated less than 10 years prior to such date may be withheld from the public pursuant to the policy of this Act or to section 552(b)(1) of title 5, United States Code, unless an entry meeting the requirements of section 6(c) has been made with respect to such document or other matter.

(b) After the effective date of this Act, no document or other matter which was originated 10 years or more prior to such date may be withheld from the public pursuant to the policy of this Act or to section 552(b)(1) of title 5, United States Code, unless the Register makes an entry meeting the requirements of section 6(c) with respect to such document or other matter and immediately notifies the Joint Committee of such entry.

AUTHORIZATION

SEC. 8. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

EFFECTIVE DATE

SEC. 9. This Act shall take effect 180 days after the date of its enactment.

Mr. JAVITS. Mr. President, I am pleased to join today with Senator MUSKIE in introducing the Government Secrecy Control Act."

The bill we introduce today addresses an issue of extraordinary importance to the American people—not only in the context of the Watergate affair, but in the long, historical context of the role of the Congress in exercising its constitutional responsibilities respecting the national defense and security policies of the United States.

Senator MUSKIE and I, and other Members of the Senate have sought throughout this Congress to restore the separation of powers by reinforcing the power and reaccepting the responsibility of the legislative branch in a wide variety of policy areas.

We have acted in the face of a pattern of conduct by Presidents, since 1932, the result of which has been a dangerous concentration of power in the Presidency. The accumulation and exercise of such

power is a direct challenge to the basic constitutional principles of the separation and balance of powers between the three coordinate branches of Government.

We have acted already on the war powers issue, on budget control, on impoundment and on executive privilege—to restore to the representatives of the American people the authority which has been drained from them. In introducing this bill today, we act again to achieve this objective.

A national security classification system is necessary to protect our defense and to enable the executive department to carry out its foreign policy. However, the nature of that system, its administration and the exercise of classification authority must be the object of the most careful scrutiny to assure that fundamental principles of our democracy are not subverted. Maintaining the balance between protecting our national security and providing to the American public the information which it must have to fulfill its obligations under the democratic charter will not be easy.

I believe that action is long overdue in redefining the problem, questioning the basic assumptions and establishing that critical balance. Our bill is a starting point for what I know will be a most careful examination of this issue in Senator MUSKIE's Subcommittee on Intergovernmental Relations.

The current classification system is costly, inefficient and troublesome. It encourages large scale overclassification, a practice which in turn stimulates security laxness and jeopardizes the protection of material deserving national security classification. I think it well for us to recall Justice Potter Stewart's opinion in the "Pentagon Papers" case wherein he stated:

> That the hallmark of a truly effective internal security system would be maximum possible disclosure, recognizing that secrecy can best be preserved only where credibility is truly maintained.

According to some estimates, there may be 20 million classified papers currently held in the Federal Government, of which a very large percentage should not be classified at all. There are thousands upon thousands of employees who exercise the original authority to classify documents. Current practice sometimes tolerates classification of history, newspaper clippings and principles of nature.

Mr. President, steps have been taken in this administration to question and reform classification practices. Under Executive Order 11652 issued by President Nixon in 1972, each agency originating classified documents must index them and have its classification practices reviewed by the Interagency Classification Review Committee. There is also underway in the Department of Defense a formal evaluation of information policies as they actually exist and a stated goal of downgrading many documents through more realistic security classification guides.

Under our proposal, we seek to facilitate this process and to establish a vehicle by which Congress can monitor classification practices, review actions of the executive branch departments and agencies, and order the declassification of classified information. The new Joint Committee on Government Secrecy created by our bill could go to court to enforce its subpenas if necessary.

Of equal importance, the committee would be required to develop procedures for congressional handling of classified information. I believe that the committees of the Congress must develop such precise rules and standards for their own employees.

Mr. President, this bill will enable us to lay the groundwork for a more rational national security classification system as well as to restore the eroded power of the Congress in yet another important area. Most importantly it will make the operations of the Federal Government more open and credible to our people.

By Mr. SPARKMAN (by request):

S. 3394. A bill to amend the Foreign Assistance Act of 1961, and for other purposes. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, by request, I introduce for appropriate reference a bill to amend the Foreign Assistance Act of 1961 and for other purposes.

The bill has been requested by the President of the United States and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when it is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the section-by-section analysis.

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

S. 3394

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 "Foreign Assistance Act of 1974".

TITLE I

MIDDLE EAST PEACE

SEC. 2. The Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new part:

"PART VI

"SEC. 901. STATEMENT OF POLICY.—The Congress recognizes that a peaceful and lasting resolution of the divisive issues that have contributed to tension and conflict between nations in the Middle East is essential to the security of the United States and the cause of world peace. The Congress declares and finds that the United States can and should play a constructive role in securing a just and durable peace in the Middle East by facilitating increased understanding between the Arab nations and Israel, and by assisting the nations in the area in their efforts to achieve economic progress and political stability, which are the essential foundations for a just and durable peace. It is the sense of Congress that United States assistance programs in the Middle East should be designed to promote mutual respect and security among the nations in the area and to foster a climate conducive to increased economic development, thereby contributing to a community of free, secure and prospering nations in the Middle East.

"SEC. 902. GENERAL AUTHORITY.—The President is authorized to furnish, on such terms and conditions as he may determine, assistance authorized by this Act and credits and guaranties authorized by the Foreign Military Sales Act in order to carry out the purposes of this part.

"SEC. 903. ALLOCATIONS.—(a) Of the funds appropriated to carry out chapter 2 of part II of this Act, during the fiscal year 1975 up to $100,000,000 may be made available for military assistance in the Middle East.

"(b) Of the funds appropriated to carry out chapter 4 of part II of this Act, during the fiscal year 1975 up to $377,500,000 may be made available for security supporting assistance in the Middle East.

"(c) Of the aggregate ceiling on credits and guaranties established by section 31(b) of the Foreign Military Sales Act, during the fiscal year 1975 up to $330,000,000 shall be available for countries in the Middle East.

"SEC. 904. (a) SPECIAL REQUIREMENTS FUND.—

There are authorized to be appropriated to the President for the fiscal year 1975 not to exceed $100,000,000 to meet special requirements arising from time to time in carrying out the purposes of this part, in addition to funds otherwise available for such purposes. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by this Act in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.

"(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed on the programming and obligation of funds under subsection (a)."

SEC. 3. Section 620(p) of the Foreign Assistance Act of 1961 is repealed.

TITLE II

INDOCHINA POSTWAR RECONSTRUCTION

SEC. 4. Section 802 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 802. AUTHORIZATION.—There are authorized to be appropriated to the President to furnish assistance for relief and reconstruction of South Vietnam, Cambodia and Laos as authorized by this part, in addition to funds otherwise available for such purposes for the fiscal year 1974 not to exceed $504,000,000, and for the fiscal year 1975 not to exceed $939,800,000 which amounts are authorized to remain available until expended."

TITLE III

FOREIGN ASSISTANCE ACT AMENDMENTS

DEVELOPMENT ASSISTANCE AUTHORIZATIONS

SEC. 5. Section 103 of the Foreign Assistance Act of 1961 is amended by striking out the words "$291,000,000 for each of the fiscal years 1974 and 1975" and inserting in lieu thereof "$291,000,000 for the fiscal year 1974, and $546,300,000 for the fiscal year 1975".

HOUSING GUARANTIES

SEC. 6. Section 223(i) of the Foreign Assistance Act of 1961 is amended by striking out "June 30, 1975" and inserting in lieu thereof "June 30, 1976".

INTERNATIONAL ORGANIZATION AND PROGRAMS

SEC. 7. Section 302(a) of the Foreign Assistance Act of 1961 is amended by striking out the words "for the fiscal year 1975, $150,000,000" and inserting in lieu thereof "for the fiscal year 1975, $153,900,000".

MILITARY ASSISTANCE

SEC. 8. (a) Chapter 2 of Part II of the Foreign Assistance Act of 1961 is amended as follows:

(1) In section 504(a), strike out "$512,500,000 for the fiscal year 1974" and insert in lieu thereof "$985,000,000 for the fiscal year 1975".

(2) In section 506(a)—

(A) Strike out "the fiscal year 1974" in each place it appears and insert in lieu thereof "the fiscal year 1975"; and

(B) At the end of subsection (a) add the following sentence: "Orders not exceeding $250,000,000 in value may be issued under this subsection, upon such determination, during the period of any succeeding fiscal year that precedes the enactment of legislation authorizing appropriations for military assistance for that fiscal year."

(3) After section 506, add the following new section:

"SEC. 507. LIMITATION ON THE GRANT OF EXCESS DEFENSE ARTICLES.—

"(a) Except as provided in section 506, the aggregate value of excess defense articles ordered during the fiscal year 1975 under this chapter for foreign countries and international organizations shall not exceed $150,000,000.

"(b) The Secretary of State shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the Secretary of State shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery."

(b) Section 655(c) of the Foreign Assistance Act of 1961 shall not apply to assistance authorized under any provision of law for the fiscal year 1975.

(c) Section 8 of the Act entitled "An Act to amend the Foreign Military Sales Act, and for other purposes", approved January 12, 1971 (84 Stat. 2053), as amended, is repealed, effective July 1, 1974.

SECURITY SUPPORTING ASSISTANCE

SEC. 9. Section 532 of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1974 not to exceed $125,000,000, of which not less than $50,000,000 shall be available solely for Israel" and inserting in lieu thereof "for the fiscal year 1975 not to exceed $385,500,000".

TITLE IV

FOREIGN MILITARY SALES ACT AMENDMENTS

SEC. 10. (a) The Foreign Military Sales Act is amended as follows:

(1) Section 3(d) is amended to read as follows:

"(d) A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned."

(2) In section 24(a) and section 24(b) the parenthetical phrase in each is amended to read: "(excluding United States Government agencies other than the Federal Financing Bank)".

(3) Section 24(c) is amended to read as follows:

"(c) Funds made available to carry out this Act shall be obligated in an amount equal to 25 per centum of the principal amount of contractual liability related to any guaranty issued prior to July 1, 1974 under this section. Funds made available to carry out this Act shall be obligated in an amount equal to 10 per centum of the principal amount of contractual liability related to any guaranty issued after June 30, 1974 under this section. All the funds so obligated shall constitute a single reserve for the payment of claims under such guaranties, and only such of the funds in the reserve as may be in excess from time to time of the total principal amount of contractual liability related to all outstanding guaranties under this section shall be deobligated and transferred to the general fund of the Treasury. Any guaranties issued hereunder shall be backed by the full faith and credit of the United States."

(4) In section 31—

(A) Subsection (a) is amended by striking out "$325,000,000 for fiscal year 1974" and inserting in lieu thereof "$555,000,000 for the fiscal year 1975"; and

(B) Subsection (b) is amended by striking out "$730,000,000 for the fiscal year 1974, of which amount not less than $300,000,000 shall be available to Israel only" and inserting in lieu thereof "$872,500,000 for the fiscal year 1975."

(5) In section 33—

(A) subsection (a) is repealed;

(B) subsection (b) is redesignated as subsection (a); and

(C) a new subsection (b) is added as follows:

"(b) The President may waive the limitations of this section when he determines it to be important to the security of the United States and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate."

(b) Obligations initially charged against appropriations made available for purposes authorized by section 31(a) of the Foreign Military Sales Act after June 30, 1974, and prior to the enactment of the amendment of that Act by paragraph (3) of subsection (a) of this section in an amount equal to 25 per centum of the principal amount of contractual liability related to guaranties issued pursuant to section 24(a) of that Act shall be adjusted to reflect such amendment with proper credit to the appropriations made available in the fiscal year 1975 to carry out that Act.

SECTION-BY-SECTION ANALYSIS OF THE PROPOSED FOREIGN ASSISTANCE ACT OF 1974

I. INTRODUCTION

The proposed Foreign Assistance Act of 1974 (hereinafter referred to as "the Bill") is an amendment to the Foreign Assistance Act of 1961, as amended (hereinafter referred to as "the Act"). The Bill also amends the Foreign Military Sales Act (hereinafter referred to as "the FMSA"). The major purpose of the bill is to provide authorization for appropriations for activities under the Act and the FMSA at the levels requested for fiscal year 1975 in the President's budget. The principal substantive amendment is the creation of a new part VI to the Act, providing authority and funding authorization for assistance to promote peace in the Middle East.

II. PROVISIONS OF THE BILL

Title I. Middle East Peace

Section 2. This section adds a new part VI to the Act, consisting of four sections, as follows:

Section 901 sets forth a statement of policy, emphasizing that a peaceful settlement in the Middle East is essential to the security of the United States and world peace and that assistance programs in the Middle East can contribute to such a peaceful settlement. The section provides that United States assistance in the area should facilitate understanding between the Arab nations and Israel, support efforts to achieve economic progress and political stability, promote mutual respect and security, foster increased economic development, and thereby contribute to a just and durable peace in the Middle East and a community of free, secure and prospering nations in the area.

Section 902 authorizes the President to furnish assistance under the Act and credits and guaranties under the FMSA to carry out the purposes described in section 901. Such assistance, credits and guaranties are to be provided within the framework of existing law. No additional or special authority is provided by this section for Middle East programs.

Section 903 indicates the levels of military assistance and security supporting assistance appropriations intended for Middle East programs. The $100,000,000 for MAP is for Jordan while the $377,500,000 in supporting assistance is for Israel, Jordan and Egypt. The $330,000,000 in FMS credits and guaranties is for Israel and Jordan. This section does not authorize appropriations in addition to the amounts contained in the regular authorizations for military assistance, security supporting assistance and FMS credits and guaranties contained in the Bill.

Section 904 establishes a Special Requirements Fund of $100,000,000 for fiscal year 1975 to meet needs which cannot be foreseen in the normal budgeting, authorization and appropriation cycle, but that are important to the efforts by the United States to help achieve peace in the Middle East. The section contains a requirement that the Congress be currently informed on the programming and obligation of funds from the Special Requirements Fund. The requirement is intended to provide for a complete and timely explanation by the Executive Branch as to the way in which the Special Requirements Fund is used, including wherever possible consultation with the Congress in advance of substantial obligations from this fund.

Section 3. This section repeals section 620 (p) of the Act, which prohibits assistance to Egypt absent findings by the President that such assistance is in the national interest. The fiscal year 1975 foreign assistance program includes assistance for Egypt. If the Congress agrees that such assistance is in the national interest by authorizing the Administration's program, the requirement of section 620(p) for a further finding by the President would be redundant.

Title II. Indochina Postwar Reconstruction

Section 4. This section amends section 802 of the Act to authorize $939,800,000 for Indochina Postwar Reconstruction assistance for South Vietnam, Cambodia and Laos for fiscal year 1975. This authorization will provide funding necessary to provide essential support for the war-torn economies of South Vietnam, Cambodia and Laos, as well as to begin the expansion of capacity for agricultural and industrial production in South Vietnam.

Title III. Foreign Assistance Act Amendments

Part I

Chapter 1—Development assistance

Section 5. Food and Nutrition.—This section amends section 103 of the Act which authorizes funds to alleviate starvation, hunger and malnutrition, and to provide basic services to poor people by increasing their capacity for self-help, by increasing the fiscal year 1975 authorization from $291,000,000 to $546,300,000. This authorization level will permit the Executive Branch to conduct the overall bilateral development assistance program at budget request levels. The overall program reflects a substantial increase in emphasis on the food and nutrition sector.

Chapter 2—Housing guaranties

Section 6. Extension of Housing Guaranty Authority.—This section amends section 223(i) of the Act by extending the termination date of the housing guaranty authority from June 30, 1975 to June 30, 1976.

Chapter 3—International organizations and programs

Section 7. Authorization.—This section increases the authorization for International Organizations and Programs under section 302(a) of the Act from $150,000,000 to $153,900,000 for fiscal year 1975.

Part II

Chapter 2—Military assistance

Section 8(a)(1). Authorization.—This section amends section 504(a) of the Act by authorizing $985,000,000 for military assistance for fiscal year 1975. This authorization includes funds for military assistance in the Middle East and also reflects the transfer of military assistance to Laos from the Department of Defense (MASF) budget to the military assistance program under the Act. This transfer is required by section 513 of the Act, as amended by Public Law 93-189.

Section 8(a)(2). Special Authority.—This section amends section 506(a) by extending the President's special authority to draw down DOD stocks and services for the military assistance program through fiscal year 1975 and such additional period as may precede the enactment of subsequent military assistance authorizing legislation. The provision for extending this authority for an additional period beyond the end of fiscal year 1975 is to prevent the lapse of the President's ability to meet unforeseen emergency needs, while leaving full discretion to the Congress in deciding whether to renew the authority in its consideration of subsequent military assistance authorizing legislation.

Section 8(a)(3). Excess Defense Articles.

This section adds a new section 507 to the Act, imposing a ceiling of $150,000,000 upon the aggregate value of defense articles ordered for the military assistance program during fiscal year 1975. The new section 507 is intended to provide a simplified substitute for section 8 of Public Law 91-672, which requires a charge to the MAP appropriation for excess defense articles granted to foreign countries by all federal agencies (other than the Agency for International Development) from sources within the United States or, if generated abroad, in an aggregate value exceeding $150,000,000 in a fiscal year. The complexities of the present law have created extraordinary property accountability problems for all federal agencies and have resulted in such anomalies as charges to the MAP appropriation for excess defense articles granted to South Vietnam under the separate Department of Defense funded MASF program. The requirements in present law for reports to the Congress are retained.

Section 8(b). Assistance to Cambodia

This section provides explicitly that section 655(c) of the Act, which prohibits assistance to Cambodia not specifically authorized by law, shall not apply during fiscal year 1975. Authorizations clearly contemplating assistance to Cambodia in fiscal year 1975 would seem either to satisfy or supersede the requirements of section 655(c). Nevertheless, this section, which is similar to section 12(c) of the Foreign Assistance Act of 1973 (Public Law 93-189), is intended to eliminate any doubt.

Section 8(c). Statute Repealed

This section repeals section 8 of Public Law 91-672, which establishes accounting procedures, requirements for charges to the MAP appropriation, and reporting requirements with respect to excess defense articles. This repealed provision of law is replaced by the new section 507 of the Act added by section 8(a)(3) of the Bill.

Chapter 4—Security supporting assistance

Section 9. Authorization.—This section amends section 532 of the Act to authorize $385,500,000 for Security Supporting Assistance activities. This authorization includes funds for the important Middle East programs described in Title I of the Bill.

Title IV. Foreign military sales act amendments

Section 10(a)(1). Conditions of Eligibility.—This section clarifies an ambiguous provision in section 3(d) of the FMSA regarding the ineligibility for further sales, credits and guaranties of countries that violate foreign military sales agreements. It makes clear that corrective action by a country that has violated an applicable agreement can restore its eligibility for sales, credits and guaranties not only of sophisticated weapons, but of other defense articles and defense services as well.

Section 10(a)(2). Federal Financing Bank.—This section amends section 24(a) and section 24(b) of the FMSA by authorizing foreign military sales guaranties to be issued to the Federal Financing Bank, which was established by the Federal Financing Bank Act of 1973, P.L. 93-224, approved on December 29, 1973 (87 Stat. 937), and by authorizing the sale to the Bank of promissory notes issued by borrowers pursuant to direct foreign military sales credits. The Federal Financing Bank is an instrumentality of the United States Government and, as such, is subject to the parenthetical clause in subsections (a) and (b), although section 6 of the Federal Financing Bank Act of 1973 authorizes the Bank to purchase any obligation sold, or guaranteed by a Federal agency. Purchases by the Bank under section 6 are required to be upon such terms and conditions as to yield a return at a rate not less than a rate equivalent to cost of money to the U.S. Government (or, whenever the Bank's own obligations outstanding are sufficient, to cost of money to the Bank), and the Bank is also authorized to charge a normal commitment fee in connection with such purchase. Any guaranty transactions with the Bank under the FMSA will be subject to the same reserve requirements under section 24(c) and controlled by the same aggregate ceiling under section 31(b) as guaranty transactions with private U.S. lenders will continue to be. It is expected that the participation of the Bank will (1) result in savings in financing costs to the Government as well as to guaranteed borrowers and (2) provide an additional means of financing the foreign military sales guaranty program.

Section 10(a)(3). Guaranties.—This section amends section 24(c) of the FMSA by reducing the requirement for obligation of funds in connection with foreign military sales guaranties from 25 per cent of the principal amount of contractual liability to 10 per cent of that principal amount, effective July 1, 1974. Funds obligated under section 24(c) are set aside as a reserve against claims due to defaults by foreign countries on private loans guaranteed by the United States. The absence of any defaults since the enactment of the FMSA in 1968 has demonstrated that a 25 per cent reserve requirement is unnecessarily high. In addition, it provides for retention in the reserve account of all funds not in excess of the principal amount of all outstanding guaranties.

Section 10(a)(4). Authorization and Aggregate Ceiling.—This section amends section 31 of the FMSA to authorize $555,000,000 for fiscal year 1975 to carry out the purposes of the FMSA and establishes a ceiling of $872,500,000 for fiscal year 1975 on the aggregate of credits and the principal amount of loans guaranteed. Section 2 of the Bill indicates our intention to provide $330,000,000 of the aggregate ceiling for Israel and Jordan.

Section 10(a)(5). Regional Ceilings.—This section repeals the ceiling contained in section 33(a) of the FMSA of $150,000,000 (excluding training) in military assistance, FMS credits and guaranties and vessel transfers to Latin America. This change is not proposed in order to expand significantly military sales to countries in Latin America. Rather, it is a part of our effort to establish a new, more mature relationship with the nations of the Hemisphere. This section retains the existing ceiling of $40,000,000 on assistance and sales to African countries, but would restore the President's authority to waive this limitation as originally contained in the FMSA. This waiver authority applies only when determined by the President to be important to the security of the United States. Each such determination must be reported to the Congress.

Section 10(b). Technical Amendment.—This section anticipates that obligations may be incurred in fiscal year 1975 for guaranties under section 24(c) of the FMSA prior to the amendment of that section by section 10(a)(3) of the Bill. In such case, it authorizes adjustments to accounts to reflect obligations for the reserve fund at a consistent rate of 10 per cent of the principal amount of contractual liability for the entire fiscal year 1975.

By Mr. ROBERT C. BYRD (for Mr. BENTSEN):

S. 3395. A bill to reorganize the Department of Justice, to require nonpartisan appointments to policymaking positions in such Department, and for other purposes. Referred to the Committee on the Judiciary.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the distinguished Senator from Texas (Mr. BENTSEN), I introduce a bill entitled "The Justice Department Reform Act."

I ask unanimous consent that a statement prepared by Senator BENTSEN, together with the text of the bill, be printed at this point in the RECORD.

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

STATEMENT BY SENATOR LLOYD BENTSEN IN BEHALF OF THE DEPARTMENT OF JUSTICE REFORM ACT OF 1974

Mr. BENTSEN. Mr. President, I am deeply concerned about the American people's loss of

confidence in the Department of Justice. I believe that loss of confidence is due in large measure to the politicization of legal posts within the Department. The time has come to end what seems to have become the nearly standard practice of Presidents appointing as Attorney General one of the principal leaders of the political campaign in which they were elected. The time has also come to remove the U.S. Attorneys' offices from the patronage system.

John Mitchell, Robert Kennedy, and J. Howard McGrath, Attorney General under Truman, are the most obvious examples of men who managed the successful Presidential campaigns and who immediately after the election, were appointed to head the Justice Department. Unfortunately, the practice has been working its way into our political system for much longer that these relatively recent appointment. A Mitchell Palmer, Attorney General under Woodrow Wilson, had been the President's floor manager at the 1912 Democratic Convention. Frank Murphy, Attorney General under Franklin Roosevelt, served as leader of the Roosevelt forces in the State of Michigan. President Eisenhower's Attorney General, Herbert Brownell had not only been active in his campaign but had served as campaign manager for Republican Presidential candidate Thomas E. Dewey in both 1944 and 1948. Several of these men after appointment continued to serve as political advisers to the President, as well as his legal counsel. By historical tradition, and with certain exceptions, the top Presidential appointees in the the headquarters of the Department of Justice have been highly respected representatives of the legal profession. But where they have also been major campaign officials for the President their appointment only contributes to a growing perception of the Justice Department as a political instrument. With all of the highly competent members of the legal profession to chose from, it's simply not necessary to look to the ranks of the campaign staff for Justice Department personnel.

The conduct of some of the recent officials of the Department is too fresh in the mind of the public and too deeply etched on the minds of the bar to be passed off with a bromide that, "The next President won't let it happen."

It is time to assure the American people that law enforcement decisions will not be determined by partisan politics—either Democratic or Republican. It's time to get a little closer to the statement of President Lincoln's Attorney General, Elward Bates, when he said,

"The office I hold is not properly political, but strictly legal; and it is my duty, above all other ministers of state to uphold the law and to resist all encroachments, from whatever quarter, of mere will and power."

In an effort to restore that spirit, I am, today, introducing legislation, which I believe will be a major step to effectively deal with the politicization of government legal posts within the Department of Justice. My bill is directed at insuring the Department's capacity to administer justice evenly and at restoring the public's perception of the quality and impartiality of the Justice that is administered. Specifically, my bill will do the following:

First, it will statutorily prohibit the President from appointing as Attorney General, Deputy Attorney General, the Solicitor General or Assistant Attorney General, a person who held a paid or unpaid position in the election campaign in which he was elected. This prohibition includes the National and State party organizations at the time of his election.

Second, it will amend the Hatch Act, which prohibits, partisan political activities, to encompass within its perview, all personnel in the Department of Justice, including the Attorney General, his Deputy, the Solicitor General, and all of the U.S. Attorneys.

Third, the bill provides for the appointment of U.S. Attorneys and U.S. Marshals by the Attorney General. Such appointments would continue to be for four year terms, subject to Senate confirmation and reconfirmation after four years in the event of reappointment. Thirty years ago the Collectors of the Internal Revenue, the Postmasters and the United States Attorneys were the backbone of the patronage system. Today, only the Presidentially appointed U.S. Attorney remains. It's time that these positions were filled on the basis of ability to effectively enforce the Nation's laws rather than as rewards for backing a successful Presidential candidate.

Fourth, the bill provides that all assistant U.S. Attorneys and their legal staffs become part of the career service already effectively established within the headquarters of the Department of Justice.

The President must retain authority to carry out his responsibilities of seeing that our laws are enforced and my bill would not alter or inhibit that authority. But, the partisan orientation in recent years of those responsible for supervising the Nation's legal affairs seems extreme. If Justice is to be impartial it must for starters be non-partisan.

The Department of Justice should not be run or even give the appearance of being run by people who march to a drum beat emanating from the political advisers of any President or his party. We must move now to restore the American people's confidence that their laws are being enforced impartially and without regard to political affiliation. Decisions as to whether cases are prosecuted or dismissed, whether appeals are taken or settled, must *not* depend upon the political influence of the litigant. Even the appearance of impropriety undermines the American people's faith in our system.

I believe that the Congress has a responsibility to act now to restore that lost confidence. The enactment of this legislation would move us forcefully in that direction.

S. 3395

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 "Justice Department Reform Act".

APPOINTMENT OF OFFICERS

SEC. 2. (a) Chapter 31 of title 28, United States Code, is amended by inserting after section 560 the following new section:

"§ 506A. Qualifications

"Any individual who—

"(1) whether paid or unpaid, held a position of trust and responsibility to an individual who was elected to the office of President while serving (A) on the personal campaign staff of such individual, or (B) on an organization working on such individual's campaign, or

"(2) held a State-wide or national office or was employed by a State or national political party, respectively, that campaigned for an individual who was elected to the office of President,

shall be ineligible for appointment to any position under sections 503–506 of this title if the apointing authority is the President for whom such individual campaigned."

(b) The analysis of chapter 31 of such title is amended by inserting immediately below item 506 the following new item:

"506A. Qualifications."

APPOINTMENT OF UNITED STATES ATTORNEYS AND UNITED STATES MARSHALS

SEC. 3. (a) Section 541 of such title is amended by striking out "President" in subsections (a) and (c) and inserting in lieu thereof "Attorney General".

(b) Section 561 of such title is amended by striking out "President" in subsections (a) and (b) and inserting in lieu thereof "Attorney General".

(c) Section 27 of the Revised Organic Act of the Virgin Islands (48 U.S.C. 1617) is amended by striking out "President' and inserting in lieu thereof "Attorney General".

APPOINTMENT OF ASSISTANT UNITED STATES ATTORNEYS

SEC. 4. Section 542 of such title is amended to read as follows:

"§ 542. Assistant United States Attorneys.

"(a The Attorney General may appoint assistant United States attorneys, and may assign such attorneys to assist any United States attorney the Attorney General considers appropriate.

"(b) Each assistant United States attorney is subject to removal by the Attorney General.".

POLITICAL ACTIVITY

SEC. 5. Section 7324 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding the provisions of subsection (d) of this section, subsection (a)(2) of this section applies to all officers and employees of the Department of Justice."

EFFECTIVE DATE; INITIAL APPOINTMENT OF OFFICERS

SEC. 6. (a) This Act, and amendments made by this Act, other than this section, shall take effect 90 days after the enactment of this Act.

(b) Nothwithstanding subsection (a) of this section, any vacancy in any office affected by this Act may be filed in the manner provided by this Act at any time after the date of enactment of this Act.

(c) The provisions of this Act shall not apply to any individual holding an office affected by any amendment made by this Act if such individual would be eligible for appointment to such office after the provisions of this Act become effective.

By Mr. BUCKLEY:

S. 3396. A bill to amend the Internal Revenue Code of 1954 and certain other provisions of law to provide for automatic cost-of-living adjustments in the income tax rates, the amount of the standard, personal exemption, and depreciation deductions, and the rate of interest payable on certain obligations of the United States. Referred to the Committee on Finance.

COST OF LIVING ADJUSTMENT ACT

Mr. BUCKLEY. Mr. President, we have recently heard many complaints, both in and out of Congress, of the evils of "windfall profits" made by businesses. Today, in introducing the Cost of Living Adjustment Act, I would like to briefly discuss the "windfall" tax receipts reaped by the Federal Government at the expense of every taxpayer because of the insidious impact of inflation on real rates of taxation.

There is no greater economic injustice, especially to the aged and to those in lower income brackets, than that of chronic inflation. But the full cost of in-

flation, as it affects direct taxation, has been too long ignored. Today, a significant percentage of American workers receive routine adjustments in pay to reflect the deterioration in the purchasing power of their earnings. Yet, these adjustments have the effect of moving them into higher tax brackets where they have to pay the Federal Government a larger percentage of their real earnings.

For purposes of illustration, Mr. President, let us take the case of a man or woman, aged 25, who is employed at a sum of $10,000 per year. Let us assume an annual rate of inflation from this point forward of 6 percent—which is less than half the 14-percent rate actually experienced in 1973—and that over the years, the individual receives nothing more than cost-of-living adjustments in pay. In his 20th year on the job, the individual would be earning $45,500 per year, which would place him in the top bracket for earned income of 50 percent. Thus, without any increase in the real value of earnings, the individual would find himself in the same tax bracket as someone with many times his earnings.

Thus, the inequity: The existing tax schedule, that are stated in terms of constant dollars, simply do not reflect economic reality in an inflationary age. I do not think it is just to stretch out the taxpayer on this procrustean bed. The taxpayer should not be the victim of some dogmatic inflexible tax schedule. Rather, the schedule should reflect, in some way, the changes in day-to-day economic life, brought about by inflation.

The legislation I am proposing would adjust the tax tables automatically to reflect changes in the Cost of Living Index so as to shield taxpayers from the insidious increases in effective tax burdens imposed by inflation. These adjustments will insure that taxpayers do not find themselves escalated to higher tax rates while their real earnings remain the same.

My bill applies this same principle of equity to a number of areas of the tax code where the Federal Government is now realizing "windfall" tax receipts at the expense of the taxpayer. These are personal income tax, standard deduction, personal exemptions, depreciation, capital gains, and corporate income taxes.

In each case, the individual or business would have each one of these elements adjusted to reflect inflation so that the Government would not be able to continue to impose the hidden tax of inflation on individual citizens.

We must not continue to finance the Government through inflation rather than through a straightforward increase in tax rates. If the Government is to increase revenues taken from its citizens in the form of taxes, it is better that this is done openly through explicit increases in tax rates.

My bill offers Americans another form of protection from chronic inflation by directing the Treasury to issue savings and other bonds that are redeemable, and whose intent is payable, in constant dollars. In other words, the interest to be paid would be adjusted each year to reflect changes in the cost of living, as would the face value of the bond when surrendered at maturity. This would provide individuals and pension funds with securities that offer a substantial measure of protection against the loss of real value caused by inflation that in recent years has caused such hardship to those forced to live on savings and fixed income.

This bill does not offer a cure for inflation. It simply attempts to mitigate some of its consequences while taking the "profit" out of inflation for the Government.

At a later date I will discuss these proposals in more detail. I introduced the bill this time to initiate discussion of the subject so that this very important matter can receive the early and informed attention of the Congress. At a time when there is widespread public skepticism and pessimism concerning Government, I think it is necessary to let the taxpayer know that Government is responsive to his needs. I am convinced my proposal, which will effectively neutralize the "hidden tax," will be seen by most Americans as a positive, workable and fair piece of tax reform.

I send my bill to the desk and ask that it be appropriately referred. I also ask that it 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. 3396

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Cost of Living Adjustment Act".

SEC. 2. RATE OF TAXATION.

(a) Section 1 of the Internal Revenue Code of 1954 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(e) Cost-of-Living Adjustment.—

"(1) Changes in amount.—At the beginning of each calendar year as soon as the necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the preceding calendar year bears to the price index for the base period. Each dollar amount listed in the tables under subsections (a), (b), (c), and (d) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(2) Definitions.—For purposes of paragraph (1)—

"(A) the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics; and

"(B) the term 'base period' means the calendar year 1973.".

(b) Section 11(d) of the Internal Revenue Code of 1954 (relating to surtax exemption) is amended to read as follows:

"(d) Surtax exemption.—

"(1) General rule.—For purposes of this subtitle, the surtax exemption for any taxable year is $25,000, except that, with respect to a corporation to which section 1561 or 1564 (relating to surtax exemptions in case of certain controlled corporations) applies for the taxable year, the surtax exemption for the taxable year is the amount determined under such section.

"(2) Cost-of-living adjustment.—

"(A) At the beginning of each calendar year as soon as necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the preceding calendar year bears to the price index for the base period. The dollar amount in paragraph (1) of this subsection shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(B) Definitions.—For purposes of paragraph (1)—

"(i) the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics, and

"(ii) the term 'base period' means the calendar year 1973.".

SEC. 3. STANDARD DEDUCTION.

Section 141 of the Internal Revenue Code of 1954 (relating to standard deduction) is amended by adding at the end thereof the following new subsection:

"(f) Cost-Of-Living Adjustment.—

"(1) Changes in amount.—At the beginning of each calendar year as soon as the necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the preceding calendar year bears to the price index for the base period. Each dollar amount listed in the table under subsections (b) and (c) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(2) Definitions.—For purposes of paragraph (1)—

"(A) the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics, and

"(B) the term 'base period' means the calendar year 1973.".

SEC. 4. PERSONAL EXEMPTIONS.

Section 151 of the Internal Revenue Code of 1954 (relating to allowance of deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

"(f) Cost-of-Living Adjustment.—

"(1) Changes in amounts.—At the beginning of each calendar year as soon as the necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the preceding year bears to the price index for the base period. Each dollar amount in subsections (b), (c), (d), and (e) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(2) Definition.—For purposes of paragraph (1)—

"(A) the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics, and

"(B) the term 'base period' means the calendar year 1973.".

SEC. 5. DEPRECIATION.

Section 167 (a) of the Internal Revenue Code of 1954 (relating to depreciation) is amended to read as follows:

"(a) Allowance of Deduction.—

"(1) General rule.—There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)—

"(A) of property used in the trade or business, or

"(B) of property held for the production of income."

"(2) Cost-of-living Adjustment.—

"(A) At the beginning of each calendar year, as soon as the necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the preceding calendar year bears to the price index for the next preceding calendar year. The amount determined under this section to be a reasonable allowance for depreciation shall be multiplied by such ratio and, as multiplied, shall be the amount allowed as a depreciation deduction.

"(B) For purposes of this paragraph, the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.".

SEC. 6. ADJUSTED BASIS OF PROPERTY.

Section 1016 (a) of the Internal Revenue Code of 1954 (relating to adjustments to basis) is amended—

(1) by striking out the period at the end of paragraph (22) and inserting in lieu thereof a semicolon; and

(2) by adding at the end thereof the following new paragraph:

"(23) in respect to any period after December 31, 1974, before making any other adjustments of basis under this subsection, for an amount which is equal to the difference between—

"(A) the basis of the property, as determined under section 1011, before adjustment under this section, multiplied by the ratio which the price index (average over a taxable year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor statistics) for the taxable year in which the property is sold or otherwise disposed bears to the price index for the taxable year in which the property was acquired, or for the calendar year 1974, whichever is later, and

"(B) the basis of the property as determined under section 1011 before adjustment under this section.".

SEC. 7. COST-OF-LIVING ADJUSTMENT FOR CERTAIN OBLIGATIONS OF THE UNITED STATES.

(a) Savings Bonds and Certificates.—Section 22(b) of the Second Liberty Bond Act (31 U.S.C. 757c(b)) is amended—

(1) by striking out the colon and *"Provided,* That" in paragraph (1) and inserting in lieu thereof a period and "Except as provided in paragraphs (4) and (5), the"; and

(2) by adding at the end thereof the following new paragraphs:

"(4) In the case of a savings bond or savings certificate on which interest is paid and which is issued after the date of enactment of the Cost of Living Adjustment Act, the rate of interest on that bond or certificate shall be multiplied by the ratio which the price index for the calendar year in which the bond or certificate is issued bears to the price index for the calendar year preceding the year in which any amount of interest accrues. Whenever interest accrues on such a bond or certificate, the amount of interest which accrues shall be equal to the amount corresponding to the interest rate as multiplied under this paragraph. For purposes of this paragraph, the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"(5) In the case of a savings bond or savings certificate issued after the date of the enactment of the Cost of Living Adjustment Act, the redemption value of that bond or certificate shall be multiplied by the ratio which the price index for the calendar year in which the bond or certificate is issued bears to the price index for the calendar year preceding the year in which the bond or certificate is redeemed. The amount for which such a bond is redeemed shall be equal to the amount of the redemption value as multiplied under this paragraph. For purposes of this paragraph, the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.".

(b) Other Obligations of the United States Having a Maturity of One Year or More.—

(1) Rate of interest.—Notwithstanding any other provision of law, the rate of interest on any interest-bearing obligation of the United States having a maturity of one year or more issued after the date of enactment of this Act shall be multiplied in accordance with the provisions of section 22(b)(4) of the Second Liberty Bond Act as if that obligation were a savings bond or certificate. The Secretary of the Treasury shall promulgate such regulations as may be necessary to carry out the provisions of this paragraph.

(2) Redemption value.—Nothwithstanding any other provision of law, the face value of any obligation of the United States issued after the date of enactment of this Act having a maturity of one year or more, without regard to whether that obligation is interest bearing or not, shall be multiplied, on the maturity date of that obligation, in accordance with the provisions of section 22(b)(5) of the Second Liberty Bond Act as if that obligation were a savings bond or certificate. The Secretary of the Treasury shall promulgate such regulations as may be necessary to carry out the provisions of this paragraph.

SEC. 8. EFFECTIVE DATE.

The amendments made by sections 2, 3, 4, 5, and 6 of this Act apply to taxable years beginning after December 31, 1973.

By Mr. HARTKE (for himself, Mr. HANSEN, Mr. CRANSTON, Mr. TALMADGE, Mr. RANDOLPH, Mr. HUGHES, Mr. THURMOND, Mr. STAFFORD, Mr. MCCLURE, Mr. MCGOVERN, Mr. MATHIAS, Mr. INOUYE, Mr. ABOUREZK, Mr. BEALL, Mr. BUCKLEY, Mr. BURDICK, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. CURTIS, Mr. DOMENICI, Mr. DOMINICK, Mr. FULBRIGHT, Mr. GRAVEL, Mr. GURNEY, Mr. HART, Mr. HASKELL, Mr. HATFIELD, Mr. HATHAWAY, Mr. HOLLINGS, Mr. HUMPHREY, Mr. JACKSON, Mr. KENNEDY, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MCGEE, Mr. MCINTYRE, Mr. METZENBAUM, Mr. MONDALE, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. RIBICOFF, Mr. SCHWEIKER, Mr. HUGH SCOTT, Mr. SPARKMAN, Mr. STEVENS, Mr. TUNNEY, Mr. WEICKER, Mr. WILLIAMS, Mr. YOUNG, Mr. METCALF, Mr. MONTOYA, Mr. PASTORE, Mr. BROOKE, Mr. JAVITS, Mr. PACKWOOD, and Mr. TAFT):

S. 3398. A bill to amend title 38, United States Code, to provide a 10-year delimiting period for the pursuit of educational programs by veterans, wives, and widows. Referred to the Committee on Veterans' Affairs.

TWO-YEAR EXTENSION OF GI BILL BENEFITS

Mr. HARTKE. Mr. President, today I introduce for myself, for all the members of the Committee on Veterans' Affairs, which I chair, and for 49 other Senators, a bill to extend for 2 years the period within which a veteran or eligible wife or widow may utilize their GI bill benefits. Currently, a veteran or other eligible person has an 8-year period following discharge or release from service in which to use educational assistance benefits earned while in service. The bill before you today would extend that "delimiting period" within which benefits may be used to 10 years. In addition, the bill would include provisions which would exclude in computing the delimiting period for certain veterans who were held as prisoners in the Vietnam theater of operations, that period of time during which they were detained together with any time which they were hospitalized immediately subsequent to their release.

Mr. President, quick action on this measure is necessary. If extension is not granted, almost 285,000 of the 1.5 million veterans currently in training will have their educational benefits completely cut off on May 31 of this year.

As my colleagues are aware, following 7 months of committee hearings and consideration, the House of Representatives on Febraury 21 passed H.R. 12628, a comprehensive measure amending veteran educational assistance benefits. Included in that measure, which passed by a vote of 382 to 0, were the same provisions extending the time period which are included in the bill which I introduce today. These provisions are also part of the Senate committee's own bill, S. 2784, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as well as other measures pending before it which have been considered in hearings this past March and the entire month of April. Initially, it had been my hope that a measure could be agreed to by the Senate and then resolved in House-Senate conference hopefully for the President's signature so that there would be adequate time to implement a 2-year extension for those veterans whose eligibility expires on May 31. But, this now seems increasingly unlikely.

Although there is substantial agreement that educational assistance allowances should be increased, there is no similar agreement as to what those increases should be. My colleagues will recall that the administration opposes any increases beyond 8 percent while the House has already approved increases of 13.6 percent and S. 2784 would provide for increases averaging 23 percent.

Additional complexities are added by the widespread interest in some form of variable tuition assistance. Tough ques-

tions are presented as to how such a system could be developed which is equitable to all concerned, capable of being administered by the Veterans' Administration, and one which would avoid the substantial abuses that the Veterans' Administration fears will result. The question presented by variable tuition assistance continues to occupy not only the Senate committee but also the House committee as well, which has been holding hearings on whether to adopt such a system this month and last.

Further, a recent in-depth series by the Boston Globe concerning postsecondary schools whose courses are approved for VA benefits indicates that there are substantial abuses under the current GI bill which a responsible Congress cannot ignore. I have recently written Senator BROOKE who inserted the Boston Globe articles in the CONGRESSIONAL RECORD on April 4 and indicated that the committee would hold hearings on these problems and consider possible legislative amendments to curb the abuses cited.

Given the foregoing, I was quite concerned when officials at the Veterans' Administration informed me that in order to program their computers to insure no significant delays, they needed legislative authority prior to May 14 which is just 2 weeks away. While I remain hopeful that many of the problems as to the final shape of GI bill amendments may be worked out in the near future it is obvious that no agreement by the House, Senate, and the President on comprehensive veterans educational legislation can be enacted into law in the next 2 weeks.

The need to act separately and solely on a 2-year extension bill is thus apparent. I am most pleased that joining the committee in this measure are a large number of my colleagues including Senators MCGOVERN, MATHIAS, and INOUYE who have exhibited a welcome, active interest in developing a more adequate and equitable GI bill for our Vietnam-era veterans.

Mr. President, I ask unanimous consent that the text of the bill as introduced be printed in the RECORD at the conclusion of my remarks.

There being no objection, the text of the bill was ordered printed in the RECORD, as follows:

S. 3398

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1662 of title 38, United States Code, is amended—

(1) by deleting "eight" in subsection (a) and inserting in lieu thereof "ten";

(2) by deleting "8-year" in subsection (b) and inserting in lieu thereof "10-year";

(3) by deleting "8-year" and "eight-year" in subsection (c) and inserting in lieu thereof "10-year" and "ten-year", respectively; and

(4) by adding at the end thereof the following new subsection:

"(d) In the case of any veteran (1) who served on or after January 31, 1955, (2) who became eligible for educational assistance under the provisions of this chapter or chapter 36 of this title, and (3) who, subsequent to his last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing his ten-year period of eligibility for educational assistance, any period during which he was so detained and any period immediately following his release from such detention during which he was hospitalized at a military, civilian, or Veterans' Administration medical facility.".

SEC. 2. Section 1712 of title 38, United States Code, is amended—

(1) by deleting "eight" in subsection (b) and inserting in lieu thereof "ten"; and

(2) by deleting "eight" in subsection (f) and inserting in lieu thereof "ten".

SEC. 3. Section 604(a) of Public Law 92-540 (82 Stat. 1333, October 24, 1972) is amended by deleting "eight" and inserting in lieu thereof "ten".

Mr. MATHIAS. Mr. President, I am pleased to join today with Senator HARTKE, the other members of the Senate Committee on Veterans Affairs and many other members of this body in introducing this crucial measure to extend the eligibility period for veterans educational benefits by an additional 2 years.

As a coauthor of S. 2789, the Comprehensive Vietnam-Era Veterans Educational Benefits Act, which was introduced last December and includes an identical provision for a 2-year extension, I believe it is essential that we now speed it through Congress as a separate measure, in view of the enormous number of veterans whose eligibility will otherwise expire on May 31. This will allow the Committee on Veterans' Affairs to take the time it needs to give careful consideration to the other elements of S. 2789 and other proposals, without being forced into hasty or ill-considered decisions by the May 31 deadline.

I would also like to take this opportunity to commend the chairman, Senator HARTKE, for his leadership and fairness in dealing with the entire range of veterans education issues. Both he and his committee staff have been unfailingly helpful and cooperative as we seek to devise an effective program of educational benefits to provide a genuine opportunity for all Vietnam-era veterans to pursue higher education or vocational training. This is particularly crucial at this time, given the alarming increase in unemployment currently being endured by vast numbers of Vietnam vets—an unemployment rate which may make further education and training an absolute necessity for economic survival.

I was most heartened by the favorable reception accorded to testimony provided by myself and the other coauthors of S. 2789 at the Veterans' Committee hearings earlier this month, and I am therefore confident that its main provisions, including the most important one for tuition payments, will receive full and fair consideration as the committee determines the contents of a final bill to report out to the full Senate in the weeks ahead.

In the meantime, today's introduction of a simple bill for a 2-year extension of eligibility is an indispensable interim step to allow tens of thousands of veterans to continue their education beyond May 31 of this year.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 291

At the request of Mr. WILLIAM L. SCOTT, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 291, a bill to provide a limitation on the types and number of questions which may be asked on the decennial censuses.

S. 2422

At the request of Mr. MATHIAS, the Senator from Kansas (Mr. DOLE) was added as a cosponsor of S. 2422, a bill to establish a National Center for the Prevention and Control of Rape and provide financial assistance for a research and demonstration program into the causes, consequences, prevention, treatment, and control of rape.

S. 2801

At the request of Mr. PROXMIRE, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 2801, a bill to amend the Food, Drug, and Cosmetic Act with respect to safe vitamins and minerals, and for other purposes.

S. 2854

At the request of Mr. CRANSTON, the Senator from Alabama (Mr. SPARKMAN) was added as a cosponsor of S. 2854, a bill to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolic, and Digestive Diseases in order to advance a national attack on arthritis.

S. 2938

At the request of Mr. MOSS (for Mr. JACKSON), the Senator from Wisconsin (Mr. NELSON) was added as a cosponsor of S. 2938, the Indian Health Care Improvement Act.

S. 3229

At the request of Mr. SCHWEIKER, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 3229, the Soviet Energy Investment Prohibition Act.

S. 3234

At the request of Mr. HUMPHREY, the Senator from Minnesota (Mr. MONDALE) and the Senator from Texas (Mr. TOWER) were added as cosponsors of S. 3234, a bill to authorize a vigorous Federal program of research and development to assure the utilization of solar energy as a major source for our national energy needs, to provide for the development of suitable incentives for rapid commercial use of solar technology and to establish an Office of Solar Energy Research in the U.S. Government.

S. 3258

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that the Senators from Nevada (Mr. BIBLE and Mr. CANNON), the Senator from Tennessee (Mr. BROCK), the Senator from Massachu-

setts (Mr. BROOKE), the Senator from New York (Mr. BUCKLEY), the Senator from Kansas (Mr. DOLE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. JOHNSTON), the Senators from Montana (Mr. MANSFIELD and Mr. METCALF), the Senator from Wisconsin (Mr. NELSON), the Senator from Illinois (Mr. STEVENSON), the Senator from California (Mr. TUNNEY), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from North Dakota (Mr. YOUNG) be added as cosponsors of S. 3258, a bill providing for displaying for public viewing at the Arlington National Cemetery, the names of certain deceased veterans.

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

S. 3388

At the request of Mr. HUMPHREY, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 3388, a bill to amend the Child Nutrition Act of 1966 for the purpose of providing additional Federal financing to the special supplemental food program.

ADDITIONAL COSPONSOR OF CONCURRENT RESOLUTIONS

SENATE CONCURRENT RESOLUTION 7

At the request of Mr. WILLIAM L. SCOTT, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of Senate Concurrent Resolution 7, urging the President to determine and undertake appropriate actions with respect to stopping armed attacks on aircraft and passengers engaged in international travel.

SENATE CONCURRENT RESOLUTION 66

At the request of Mr. PERCY, the Senator from New Hampshire (Mr. MCINTYRE) was added as a cosponsor of Senate Concurrent Resolution 66, to urge the release from prison of Simas Kudirka, the Lithuanian seaman.

SENATE CONCURRENT RESOLUTION 79

At the request of Mr. GOLDWATER, the Senator from Oklahoma (Mr. BARTLETT) was added as a cosponsor of Senate Concurrent Resolution 79, expressing the sense of the Congress with respect to the celebration of the 100th anniversary of the birth of Herbert Hoover.

ADDITIONAL COSPONSOR OF A RESOLUTION

SENATE RESOLUTION 281

At his own request, Mr. PACKWOOD was added as a cosponsor of Senate Resolution 281, a resolution to express the sense of the Senate with respect to the allocation of necessary energy sources to the tourism industry.

NATIONAL NO-FAULT MOTOR VEHICLE INSURANCE ACT—AMENDMENT

AMENDMENT NO. 1220

(Ordered to be printed and to lie on the table.)

Mr. MOSS (for himself and Mr. MAGNUSON) submitted an amendment intended to be proposed by them jointly to the bill (S. 354) to establish a nationwide system of adequate and uniform motor vehicle accident reparation acts and to require no-fault motor vehicle insurance as a condition precedent to using a motor vehicle on public roadways in order to promote and regulate interstate commerce.

AMENDMENT NO. 1227

(Ordered to be printed, and to lie on the table.)

Mr. STEVENS submitted an amendment, intended to be proposed by him to amendment No. 1197 to Senate bill 354, supra.

STANDBY ENERGY EMERGENCY AUTHORITY—AMENDMENTS

AMENDMENTS NOS. 1221 THROUGH 1225

(Ordered to be printed and to lie on the table.)

Mr. ABOUREZK submitted five amendments intended to be proposed by him to the bill (S. 3267) to provide standby emergency authority to assure the essential energy needs of the United States are met, and for other purposes.

AUTHORIZATION OF APPROPRIATIONS UNDER THE INTERNATIONAL ECONOMIC POLICY ACT OF 1972—AMENDMENT

AMENDMENT NO. 1226

(Ordered to be printed, and to lie on the table.)

Mr. MATHIAS (for himself, Mr. ERVIN, and Mr. JAVITS) submitted an amendment intended to be proposed by them jointly to the bill (S. 2986) to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended.

AMENDMENT NO. 1228

(Ordered to be printed, and to lie on the table.)

Mr. HELMS submitted an amendment, intended to be proposed by him, to Senate bill 2986, supra.

AMENDMENT NO. 1229

(Ordered to be printed.)

Mr. MUSKIE (for himself, Mr. STEVENSON, Mr. JOHNSTON, Mr. CANNON, Mr. CASE, Mr. CHILES, Mr. HASKELL, Mr. HATHAWAY, Mr. HUMPHREY, Mr. JAVITS, Mr. MANSFIELD, Mr. MCGEE, Mr. RANDOLPH, and Mr. RIBICOFF) proposed an amendment to Senate bill 2986, supra.

ANNOUNCEMENT OF HEARING ON S. 3378, THE DEVELOPMENTALLY DISABLED ASSISTANCE AND BILL OF RIGHTS ACT

Mr RANDOLPH. Mr. President, as chairman of the Senate Subcommittee on the Handicapped, I announce that our subcommittee will conduct a hearing on S. 3378, the Developmentally Disabled Assistance and Bill of Rights Act, on Wednesday, May 1, beginning at 2:30 p.m., in room 4232, Dirksen Senate Office Building.

On February 8, 1973, the Subcommittee on the Handicapped held a full day's hearing on two bills: S. 427, a bill to extend the Developmental Disabilities Services and Facilities Construction Act; and S. 458, entitled "A Bill of Rights for the Mentally Retarded." We heard a total of 29 witnesses representing most concerned organizations at that hearing; unfortunately, the administration was unable to testify at that time.

Thus, this hearing is being held so that Hon. Caspar Weinberger, Secretary of Health, Education, and Welfare, and to submit a statement for the record on this legislation should contact Mrs. Patria Forsythe, professional staff member, or Miss Anne Hocutt, research assistance, Subcommittee on the Handicapped, at 202—25-9075.

ADDITIONAL STATEMENTS

THE TRUTH ABOUT "POLITICAL PRISONERS" IN SOUTH VIETNAM

Mr. HELMS. Mr. President, in the past several weeks, I have received letters from a number of constituents, who have expressed their sincere and deep concern for what they have termed, and I quote, "the imprisonment of 200,000 political prisoners in South Vietnam." These letters have come from what are predominantly college and university towns, and many writers have stated that they are students. Often, these letters have attached a document, published by the Coalition To Stop Funding the War, an organization located in Washington. This document, entitled "1974 Indochina Peace Pledge," urges members of the Congress to vote for legislation that sounds strikingly similar to the terms of the Paris Peace Agreement signed by the United States.

Mr. President, frankly, I am puzzled by this document; it urges that the Congress do what already has been done. I am even more puzzled, however, by the allegations that there are 200,000 "political prisoners" rotting in jails in South Vietnam. Because of my concern that justice be promoted not only in this Nation, but also throughout the world—indeed, not only in Vietnam, but also in Russia, where millions have been thrown in concentration camps and prisons merely for attempting to exercise the fundamental right of free speech—I decided to look into this issue and get the facts.

The immediate sources I found, including the CONGRESSIONAL RECORD, did claim—and I emphasize the word—claim that there were 200,000 political prisoners in South Vietnam. Basically, I found, these sources all based their determination of this fact on statements made by Father Chan Tin, a Catholic priest living in South Vietnam; a second source for this figure of 200,000 comes from a "white book" published by Ho Ngoc Nhuan, a deputy in South Vietnam's legislative body. It is important to note at this point that both Father Chan

Tin and Deputy Ho Hgoc Nhuan are definitely opposed to the incumbent government in South Vietnam and are two of its most outspoken critics; interestingly, neither are in prison for their outspoken political opposition to the government, in spite of an atmosphere of political oppression that each claims to see in their country at this time.

Since both of these sources are bitter opponents of the incumbent government, and since there is some question as to the authenticity of their claims, I decided to look even further into this matter in an attempt to get at the truth. Since the claims of the antigovernment sources are so readily available, I decided to look at what the government had to say; it is only fair to look also at the other side of the picture. But to be completely sure that I had all of the facts from as accurate a source as possible, and from a source whose objectivity in the matter was the least questionable, I decided to check the figures of our own Government.

Because the question of political prisoners in South Vietnam is indeed a matter of national interest, the U.S. State Department, through our Embassy in Saigon, has made a major review of this situation. The facts found, and the conclusions drawn from them, shed new and important light on this entire matter. For example, a thorough study by Embassy officials found that there were 35,139 prisoners of all types in prison in Vietnam. Further, the study disclosed that these were common criminals of the type now serving in prisons in the United States.

Where then are those "200,000 political prisoners" so much talked about? The study found none. Further, the study included the claims of Father Chan Tin and examined them thoroughly. Those claims, the Embassy found, were without foundation. This fact is important, Mr. President, because so many Americans obviously have accepted Father Chan Tin's report as completely factual. Now the truth is known; and hopefully, the erroneous information being spread about will be corrected.

Adding credibility to these figures is an interesting comparison between the ratio of prison population to overall population in the two countries. According to information supplied by the National Criminal Justice Reference Service, the adult inmate population in Federal and State institutions in the United States as of 1970 was, rounded off, 350,000; this in a country whose population at that time was 203 million. This is 0.17 percent of the total population. In South Vietnam, the prison population is 35,000 in a nation of 19 million people, or 0.18 percent. The difference is one-one hundredths of 1 percent. The similarity is all the more amazing when you consider that Vietnam has just gone through a long and bitter war and still is fighting daily to quell terrorist activities by North Vietnamese soldiers who have infiltrated into South Vietnam.

Mr. President, Vietnam is an Asian country, whose system of values are Asian, not Western. Due to the French influence, the court system in Vietnam—in fact, the entire system of justice—is fashioned after the European system—that is, the civil code—rather than the Anglo-American system of laws. The Anglo-American system of laws, incidentally, is known for its rigid protection of individual rights, not only in the courts, but generally. Yet, in spite of these many factors tending toward the existence and use of political repression in South Vietnam, U.S. Ambassador Martin reported that, in almost 7 months of conversations with opponents of the incumbent government, with independent journalists, with representatives of humanitarian organizations of both the United States and other countries, he had not been given the name of a single prisoner who had been incarcerated for his political opposition to the present government of South Vietnam.

Mr. President, many Americans have been misled too long about the true state of affairs in South Vietnam. As I have stated on previous occasions, I do not doubt the sincerity of the many American citizens who write to me expressing their concern about the situation in Vietnam, even when their concern is based on obviously erroneous and perhaps contrived information. I do doubt, however, the sincerity—and the honesty—of those who circulate deliberately incorrect information for their own purposes, here, obviously to aid the Hanoi government in its imperialist design to control all of Vietnam.

Mr. President, in order for the members of the Senate to have the facts with regard to the so-called political prisoners in South Vietnam, I ask unanimous consent that the study made by the U.S. Embassy in South Vietnam, along with its supportive data and tables, be printed in the RECORD at the conclusion of my remarks.

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

[From American Embassy Saigon, Date December 26, 1973]

FATHER CHAN TIN'S VIEW OF "POLITICAL PRISONERS": A CASE STUDY OF MILITANCY OVERRIDING OBJECTIVITY

1. Summary: Several months ago, anti-GVN Catholic activist Father Chan Tin gave the Embassy a copy of a recent study listing 202,000 "political prisoners" allegedly held by the GVN as of June 1, 1973. The list contained some details about where these people were supposedly being detained. It differed markedly from both the GVN's claims and the standard estimates then used by the Embassy. Although we were reasonably confident that our estimates were valid, we nevertheless re-checked them in the light of his statistics. The Mission conducted an exhaustive survey, utilizing all available sources. It conclusively refutes the widely-spread charge, echoed by Father Chan Tin, that GVN jails harbor "200,000 political prisoners."

2. The Mission survey leads to the firm conclusion that the total prison and detention population in South Vietnam in the July-August period (the time frame of our check) was around 35,000. This figure comprises civilian prisoners of all types, not just "political prisoners" however defined. END SUMMARY.

3. The reporting officer called last July 27 on Father Chan Tin, the well-known Redemptionist priest whose anti-government activism has kept him in steady trouble with the GVN (although he himself has remained out of jail and free to voice his criticisms). This year he has been attacking the government on the civilian prisoner issue, an official spokesman Bui Bao Truc has returned the compliment with a series of hard-hitting references to Chan Tin in several GVN press briefings.

4. Chan Tin gave the reporting officer a copy of a two-volume paperbound work (Vietnamese language) titled "Political Prisoners in South Vietnamese After the Signing of the Paris Agreement," published a short while earlier by the Committee Campaigning for the Improvement of Prison Conditions in South Vietnam, which he heads. A key part of the report, and the only one that he stressed in his conversation with the reporting officer, was a table showing the alleged "political prisoner" population in South Vietnam as of June 1, 1973. The total figure given is 202,000. This table is reproduced in slightly altered format as Enclosure I.

CHAN TIN'S COMMENTS ON HIS FIGURES

5. In discussing his statistics, Chan Tin provided the following explanations and comments:

A. Common criminals are excluded from his table, which comprises solely what he called "political prisoners." Thus, the total prison population is larger than 202,000. In an attempt to demonstrate his objectivity in this regard. Chan Tin noted that his "political prisoner" total for Con Son (8,200) was smaller than the GVN's claimed capacity (9,614) and occupancy (9,898) for that facility as most recently published.

B. Asked to define his category of "political prisoners," he said it includes Communist detainees. (In this respect his definition is significantly broader than that used by some other anti-GVN critics.) He broke the category down into the following rough percentages:

Those arrested "for no reason"	60
Those arrested for what Chan Tin termed non-Communist dissidence	25
Those arrested for "Communist activities"	15
Total	100

About half of the 60% arrested "for no reason" he said, have absolutely no inkling of why they are in jail. The other half may have some idea, but he believed the reason is not defensible. The 25% which he listed as dissidents are those he viewed as non-Communist activists arrested on "security" charges, and "they know why they are in prison."

C. Pointing to the zero total under POW camps on his list, Chan Tin claimed that this too proved his objectivity. He exhibited some skepticism, however, that these camps are really empty.

D. The reporting officer expressed surprise at his inclusion of GVN military prisons, stating that these are presumably just for soldiers under military discipline. Chan Tin replied that many persons are in these jails for political reasons. Then, curiously backing off, he said that the total is only 12,000 and so their inclusion or exclusion makes little difference.

E. Chan Tin stressed particularly his statistics for district and village jails and police interrogation centers. He admitted these were estimates but each one came from "a person who is well informed" about the place. Acknowledging that the police centers have a high turnover, he insisted that one must nevertheless take their occupancy figures at any given moment as part of the total picture. He cautioned against using capacity figures (for these as well as other jails), since GVN cells are often extremely overcrowded.

CHAN TIN'S ESTIMATES COMPARED TO OTHERS

6. Chan Tin's list is the most ambitious effort we have seen documenting the oft-repeated charge that the GVN holds "hundreds of thousands of political prisoners." The figure mentioned most frequently is 200,000, which by coincidence or otherwise

is virtually what Chan Tin asserts. The chief importance of his list, in fact, is the boost it gives to the credibility of this statistic in some quarters, including influential circles in the United States. Senator Abourezk inserted Chan Tin's table in the *Congressional Record* last September 18 (S16787).

7. The only other major attempt we have seen to justify the 200,000 figure in detail appeared in a "white book" published last June by opposition Deputy Ho Ngoc Nhuan. However, there is very little coincidence between Nhuan's breakdown and Chan Tin's. Nhuan went into far less detail, gave significantly larger occupancy figures for the major prisons, and skimmed lightly over the smaller jails with roughly estimated averages. He included Phu Quoc among the big prisons with a figure of 40,000 occupants, thereby damaging his credibility from the start. Phu Quoc, designed in any case for POW's exclusively, is now reliably reported to be empty. Chan Tin avoided this trap and therefore, to this extent at least, must be taken more seriously.

8. Naturally, Chan Tin's figures differ markedly from the GVN's public claims. They also are far from the Embassy's standard estimates going back several years, which have agreed roughly but not wholly with the GVN pronouncements. Enclosure 2 highlights these differences. Comparison is difficult, not only because Chan Tin mentions just "political prisoners" but also because he groups the prison and detention systems in an individualistic way. In Enclosure 2 his grouping has been altered by the reporting officer so that similar categories can be roughly compared side by side. The GVN figures are based on two booklets about civilian prisoners published this year by the Information Commission. The first of these booklets came out in July; the second was an improved version appearing in November (see Saigon A-146 and Saigon A-281).

9. Although major discrepancies exist in more than one of the categories in Enclosure 2, by far the biggest problem concerns police detention centers and jails below the provincial level. The GVN's July booklet says that jails do not exist below the province level, while the November revision acknowledges an unstated number of facilities where people are held up for five days. The Mission has included in its estimates of the total number of prisoners of all types held by the GVN a fluctuating total of several thousand being temporarily housed in local lock-ups at various levels down to the villages. We have estimated the capacity of these local lock-ups at about 15,000. Chan Tin adds up local detention facilities around the country and arrives at a total of 101,800 "political prisoners" being held in them, or just over half his claimed total. The other half he places in regular civilian and military prisons.

UNCERTAINTIES OF THE STANDARD EMBASSY ESTIMATES

10. Based on the extensive knowledge that the US Mission had of the GVN prison system until recently through its Public Safety Advisors, we have been confident that the charge of 200,000 GVN-held "political prisoners" is a gross exaggeration. We estimated the total capacity of the GVN correction and detention systems, including all civilian jails from the national prisons down to the local police lockups, at 51,941 on December 31, 1972. Thus, the figure 200,000 is on the face of it physically impossible. As Enclosure 2 shows, the total occupancy figure on the same date added up to 43,717. This figure includes all categories of civilians held on that date. Since then, the number of prisoners has declined significantly, due to the release of thousands of prisoners on such occasions as Tet and Buddha's Birthday. The 1973 releases of Communist offenders in exchanges with the other side have also reduced the number.

11. However, we have always been aware of the possibility of soft spots in our analysis, although we have consistently believed they do not undermine the validity of our estimates. Since these areas have created some uncertainties, we think the chief vulnerabilities should be explicitly outlined, as follows:

A. Our 1972 end-of-year figures are based on statistics given to our Public Safety Advisors by the GVN. Such statistics were supplied periodically. Even though they were in-house figures, it is conceivable that the GVN's reporting system going up the line from local officials to the central statistics bureau was imperfect. However, no reliable source available to the Mission ever contradicted the general picture presented to the Advisors, who were themselves in a good position to check.

B. Occupancy can, and frequently does, exceed capacity. In short, as Chan Tin pointed out, the prisons are often overcrowded. This casts some doubt on our use of capacity figures as a yardstick. However, the GVN in recent years has increased its prison capacity significantly to meet the overcrowding problem. Since 1970 at least, the occupancy of the system as a whole has seldom if ever exceeded its total capacity. Even assuming the worst case, it is obviously not credible that a figure in the "hundreds of thousands" would be approached.

C. Our figures have excluded the military prisons, which are designed for AWOL soldiers, etc., and therefore would appear irrelevant to any discussion of civilian prisoners. Yet it may be contended that some civilians are tucked away in military jails, unaccounted for by the system. The number of people considered subject to military discipline adds to this possibility. There is also the problem of deserters—how do you classify a draftee who deserts the field of battle for political reasons and finds himself in the brig? Chan Tin would doubtless call his a civilian "political prisoner", but the GVN, as every other State including our own, would consider that he broke his oath and the law and classify him accordingly. A further complication is that some military offenders are held in civilian prisons, thus mixing the two categories. But this, if anything, makes the total we have used for civilian prison occupancy look worse than necessary. The errors therefore may cancel each other out. In any case, we judge that any uncertainty created by this factor does not invalidate the general estimates. It is noteworthy that Chan Tin's figure for this category comes to just 12,000, and he did not insist on it in talking to the reporting officer.

D. The police detention system and particularly the provincial interrogation centers have been something of a blind spot in our assessment. It is less easy to follow what the GVN is doing in some of these places than in the national or provincial prisons, and accordingly we must acknowledge some softness in the Embassy's usual occupancy estimates for them. But again, we have been confident that our Public Safety Advisors were aware of the general picture in the detention centers, if not always of the details. They could have picked up any major discrepancies in what their GVN counterparts said about the numbers detained there, particularly since other sources available to the Mission could verify the matter.

THE NEW EMBASSY SURVEY

12. In general, therefore, we have been confident that our standard estimates are valid. However, our knowledge of the prison and detention system cannot be perfect, and Chan Tin came up with new claims in his list. Accordingly, the Mission decided in August to recheck its estimates in the light of Can Tin's allegations, utilizing all Mission resources. The results appear in Enclosure 3. They show prisoners held as of July 24, 1973 (or August 22, 1973, in the case of interrogation centers). Where Chin Tin's list cites a figure that can be compared with a Mission finding, his figure is adjacent in parentheses.

13. The sources of our information are GVN records meant for internal use, i.e., what the GVN is telling itself on this subject. The figures are at least as good as our previous ones obtained by the Public Safety Advisors; and, given the concentrated effort behind the survey, they are probably better.

14. The results show clearly that Chan Tin's statistics are inflated. In nearly all cases, his number of "political prisoners" is higher than the *total* occupancy. This is true even for Con Son, which he cited as an example of his moderation. (However, Con Son's occupancy seems to have dropped over the past few months, due perhaps to the post-ceasefire release programs.) The only place where Chan Tin gives a figure lower than the Mission's is Chi Hoa, a major prison where even Chan Tin apparently concedes there are many common criminals.

15. The most dramatic discrepancies concern the provincial prisons and the detention-interrogation system. Chan Tin says there are 37 provincial prisons, and he lists eight other "big prisons" individually in the provinces. He claims these all held 73,000 persons since last June 1. In reality, only 35 of the former 37 provincial prisons are now operating. They held 14,291 prisoners on July 24. Not only does Chan Tin have outdated information on the number but he evidently double-counts the eight "big prisons." As for the detention-interrogation centers, Chan Tin puts 68,000 persons in district and village jails and 33,800 in specified interrogation centers. Our sources support the GVN's July claim that there are no district or village jails, and they enumerate exactly 314 persons in nine interrogation centers in the Saigon area on August 22—facilities where Chan Tin alleges there were 5,300 detainees last June. While these centers do have fluctuating occupancy rates, nothing can account for this discrepancy except sheer error on Chan Tin's part. Most of these places have *capacity* figures that don't approach his levels.

16. We can confidently estimate the capacities of many of the interrogation facilities outside of Saigon, and the maximum levels invariably fall below Chan Tin's claimed occupancies. The Quang Ngai Center, for instance, can hold no more than 300 detainees, and the Qui Nhon Center can accommodate just 1,000. According to reliable reports, both are now largely empty. The total occupancy of the installations not cited in the survey may be in the hundreds only. This, of course, is just a guess, but by extension from the 314 figure in the Saigon area it seems logical. We figure a thousand as a maximum estimate for the nationwide interrogation center population.

17. One of our remaining soft spots, despite the survey, is the detention system at the district and village levels. The contention that there are no jails at these levels may be true, but district and village police stations with an informal lock-up capability do exist, as obliquely acknowledged in the November publication of the GVN. Detentions here are meant to be brief and the physical arrangements largely *ad hoc*. No distinction is made between interrogation facilities, detention facilities, and what might pass for the local jail. It is unlikely that anyone held here enters GVN records unless and until he is passed on to the province level. Thus, the GVN tendency to ignore these facilities is natural. But to counter Chan Tin's charges effectively one must acknowledge the existence of these detainees and figure them in the total number. He patently exaggerates their numbers, and his claim should be met squarely. The real number is certainly very small these days; one could probably put it at no more than a thousand at any given moment.

Added to the interrogation centers, these facilities may bring the detention population to roughly two thousand nationwide. This is less than the number we've been carrying, based on the 1972 year-end figure of 4,060. Such a drop seems logical for the post-ceasefire period, but it cannot be verified.

18. Taking the Mission survey in its entirety, therefore, we reach the conclusion that the prison and detention systems together held about 35,000 persons in the July–August period, broken down as follows:

Category of Prisoners:	*Occupancy*
Inmates of national prisons	15,342
Inmates of provincial prisons	14,291
Communist offenders (held separately, pending release)	[1] 3,506
Detainees in interrogation centers and local lock-ups	2,000
Total	35,139

[1] These are the remainder of 5,081 held in this category at the time of the ceasefire. The others have already been released to the Communists in exchange programs negotiated with the Communist side.

Since our detention-interrogation estimate is probably high, a total of under 35,000 is defensible. The real total cannot be far from that figure in any case. This includes all categories of civilian prisoners, not just "political prisoners" however defined.

CHAN TIN'S ERROR

19. Obviously, if our new survey is right, Chan Tin went drastically wrong somewhere, despite the care he says he put into his estimates. The easy answer is that he was egged on by the Communists, and that he is their agent. He has often taken positions damaging to the GVN and favorable to the Communist side, but this is insufficient evidence to conclude that he is a willing Communist tool.

20. Chan Tin comes through to observers as a quiet but stubborn man. Being a priest, he views people's plights in a human way. He may know of cases of unjust imprisonment and mistreatment in GVN jails from contacts with parishioners. Educated at the Sorbonne, evidently during the era several decades ago when socialist ideas were common currency, he puts the human tragedies he meets into a class-struggle intellectual framework. These traits were illustrated, for example, during the July 27 call on him by the reporting officer. A teenage girl entered his office during the call with a folded note for a relative in prison. She had gotten conflicting reports about where the relative was being held. Chan Tin listened sympathetically, assured her he knew where the relative was, and, agreed to get the note to him. After the girl left, he then spoke to the reporting officer about the present situation in South Vietnam in dramatic class-struggle terms.

21. Translating these convictions into arguments that would convince a world impressed by statistics, Chan Tin clearly let his subjective view override his objectivity in his published survey. This thinking apparently led him into ever more extreme positions as he prepared the statistics. Last April, he told an Embassy officer and a visiting Congressional staffer that it was difficult to make an accurate estimate of the total number of prisoners; his own guess at that time was 100,000, though he heard of figures as high as 200,000. He has now gone up to the highest figure circulating among critics for "political prisoners" alone. Perhaps he is convinced emotionally that this figure "must" be correct because it provides him with justification for his commitment to the issue.

22. Also, we believe in this case that Chan Tin has been swayed by his sources, some of whom may be less scrupulous than he. They may be indeed close to the picture, as he claims, but they appear also to have either an ax to grind or an emotion-clouded concept of the numbers that can be held in some of the prisons and detention centers. Chan Tin's total figure compounds these smaller errors. It is thus a fairly typical instance of little flaws, hard to pin down but easy to believe if one is disposed to do so, hiding a gross weakness in the overall result.

AMBASSADOR'S COMMENT

23. I am again indebted to Mr. Sizer and the other Mission officers who contributed to this report for an exhaustive and painstaking analysis. In the best tradition of the Foreign Service this report, without bias or subjective emotional involvement, presents the facts as best they can be perceived after extensive study and research. It deserves, and I hope it will receive the widest possible dissemination.

24. This report will not convince those who believe only what they wish to believe. It will, I think, be convincing to those reasonable and objective persons who are still concerned with the truth—and, fortunately, the majority of the citizens of the United States still come within this category.

TABLE 1

FATHER CHAN TIN'S LIST OF "POLITICAL PRISONERS" ALLEGEDLY HELD BY THE GOVERNMENT OF THE REPUBLIC OF VIETNAM, JUNE 1, 1973

(From Publication Issued July 1973)

FOUR SPECIAL PRISONS	
Con Son (mostly for political prisoners)	8,200
Thu Duc (for women)	1,500
Tan Hiep (entirely for political prisoners)	2,500
Dalat (for juvenile males)	1,000
Total	13,200
SIX POW CAMPS	
Phu Quoc	x
Ho Nai (Bien Hoa)	x
Phu Tai (Qui Nhon)	x
Danang	x
Pleiku	x
Can Tho	x
Total	x
MILITARY PRISONS	
Go Vap	2,000
Four Big Prisons (Danang, Nha Trang, Can Tho, Pleiku)	6,000
Other Military Prisons	4,000
Total	12,000
NINE BIG PRISONS	
Chi Hoa	2,000
Gia Dinh	3,000
Can Tho	3,000
My Tho	2,000
Thua Phu (Hue)	2,000
Danang	3,000
Quang Nam	3,000
Quang Ngai	4,000
Qui Nhon	3,000
Total	25,000
THIRTY-SEVEN PROVINCIAL PRISONS	
Total for all 37 prisons	50,000
Total	50,000
DISTRICT AND VILLAGE JAILS	
Total for all	68,000
INTERROGATION CENTERS	
National Police Headquarters, Vo Tanh St., Saigon	1,000
Capital Police Headquaters, Tran Hung Dao Street, Saigon	200
Ben Bach Dang, Saigon	200
Ngo Quyen, Saigon	200
Bang Ky Bridge, Gia Dinh	800
Hang Keo, Gia Dinh	1,200
Military Security, Nguyen Binh Khiem St., Saigon	500
Capital Military Security, Nguyen Trai St., Saigon	200
Eleven police stations in Saigon	1,000
Four military region security intelligence centers	1,500
Quang Nam interrogation center	1,500
Qui Nhon interrogation center	1,500
Quang Ngai interrogation center	2,000
Forty-two province security stations	9,000
Forty-five province military security stations	2,000
District security stations	5,000
Military region offices of military security	1,000
Other interrogation places	5,000
Total	33,800
National total	202,000

TABLE NO. 2

COMPARISON OF FATHER CHAN TIN'S POLITICAL PRISONER CLAIM, AND STANDARD U.S. EMBASSY ESTIMATE

Father Chan Tin's Claim as of June 1, 1972:	GVN Claim in July and November 1973 Booklets on Civilian Prisoners:	Standard U.S. Embassy Estimate:
Four "special prisons" plus Chi Hoa: 15,200 "political prisoners."	Five national prisons: Total capacity about 21,000 until June 1973; became 20,000 June 2, 1973, with de-activation of Dalat Reformatory; no "political prisoners."	Five national prisons: Total occupancy of 20,501 as of December 31, 1972.
Eight "big prisons" plus 37 provincial prisons: 73,000 "political prisoners."	Thirty-five provincial prisons (no others now operating): Total capacity less than 19,000; no "political prisoners."	Thirty-Five provincial prisons; Total occupancy of 19,156 as of December 31, 1972.
District and village jails and interrogation centers: 101,800 "political prisoners."	Jails below province level: July booklet says they do not exist; November booklet mentions temporary processing centers holding persons no longer than five days; no "political prisoners."	Detention system down to village level: Total occupancy of 4,060 as of December 31, 1972; we have assumed occupancy roughly the same since then, though figure fluctuates.
Military prisons: 12,000 "political prisoners."	Military prisons: July booklet does not discuss; November booklet says not applicable.	Military prisons: We have assumed these are strictly for soldiers under military discipline, and we have no evidence to the contrary.

POW camps: zero.

Total: 202,000 "political prisoners."

POW camps: July booklet does not discuss; November booklet indicates camps are empty.

Total: Capacity of prison system less than 40,000 until June 1973; less than 39,000 after June 2, 1973; no "political prisoners."

POW camps: Empty.

Total: Occupancy of prison and detention systems totaled 43,717 as of December 31, 1972; less since then.

[ENCLOSURE 3]

TABLE 3.—U.S. MISSION INFORMATION ON ALL TYPES OF CIVILIAN PRISONERS DETAINED IN SOUTH VIETNAM AS OF JULY 24, 1973

[Chan Tin's estimates of "political prisoners" as of June 1, 1973 in parentheses]

National prisons:		
Chi Hoa	7,911	(2,000)
Thu Duc	1,137	(1,500)
Con Son	5,498	(8,200)
Tan Hiep	796	(2,500)
Dalat Reformatory	[1] NA	(1,000)
Total	15,342	(15,200)
Provincial prisons:		
Quang Nam	504	(3,000)
Quang Ngai	452	(4,000)
Quang Tin	182	----------
Thua Thien	329	(2,000)
Danang	1,003	(3,000)
Binh Dinh	581	(3,000)
Darlac m	234	----------
Khanh Hoa	1,354	----------
Kontum	56	----------
Ninh Thuan	115	----------
Phu Yen	412	----------
Pleiku	406	----------
Binh Thuan	226	----------
Tuyen Duc	253	----------
Gia Dinh	182	(3,000)
Binh Duong	229	----------
Binh Tuy	92	----------
Long An	116	----------
Phuoc Tuy	261	----------
Tay Ninh	428	----------
Bien Hoa	761	----------
An Giang	251	----------
An Xuyen	168	----------
Ba Xuyen	457	----------
Bac Lieu	336	----------
Chau Doc	368	----------
Dinh	386	(2,000)
Go Cong	270	----------
Kien Giang	207	----------
Kien Hoa	399	----------
Kien Tuong	41	----------
Kien Phong	175	----------
Phong Dinh	1,887	(3,000)
Vinh Binh	498	----------
Vinh Long	672	----------
Total	14,291	[2] (73,000)
Communist Offenders (held in separate locations pending release): total	3,506	[3] (NA)
Military prisons: Total for all	[4] 0	(12,000
District and village jails: Total for all	[5] NA	(68,000)
Interrogation centers: [6]		
National Police Headquarters, Vo Tanh St., Saigon	83	(1,000)
Capital Police Headquarters, Tran Hung Dao St., Saigon	58	(200)
Ben Bach Dang, Saigon	15	(200)
Ngo Quyen, Saigon	2	(200)
Bang Ky Bridge, Gia Dinh	15	(800)
Hang Keo, Gia Dinh	70	(1,200)
Military Security, Nguyen Binh Khiem St., Saigon	26	(500)
Capital Military Security, Nguyen Trai St., Saigon	14	(200)
Eleven Police Stations in Saigon	31	(1,000)
Others	NA	(28,500)
Total	[7] NA	(33,800)

[1] The Dalat Reformatory was deactivated on June 2, 1973, and transferred to the Ministry of Social Welfare. It will become a children's protection center.

[2] This total comprises 23,000 in the 8 prisons Chan Tin mentions specifically, plus 50,000 he lumps together in a separate category of provincial prisons.

[3] Chan Tin includes Communist offenders among other "political prisoners" and gives no separate figure for this category.

[4] The information received assumes that military prisons are irrelevant to the civilian prisoner issue. See airgram text for support of this assumption.

[5] According to the information received, there are no jails below the province level. This is correct, but it ignores the small detention capability of the police at the district and village levels. See airgram text.

[6] The Mission's findings in this category are as of Aug. 22, 1973.

[7] See airgram text.

SPACE EXPLORATION

Mr. MOSS. Mr. President, during these times of ever-rising costs of living and ever-bothersome social problems, a question frequently asked of the space program is, "Why can't we wait until all of our problems on Earth are solved before we try to solve problems in space?" This is an important question and is difficult to answer. Yet, in a recent review, the American Institute of Aeronautics and Astronautics has included a section that answers the question directly and specifically. I ask unanimous consent to have this section from Exploration of the Solar System printed in the RECORD.

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

WHY CAN'T WE WAIT UNTIL ALL OF OUR PROBLEMS ON EARTH ARE SOLVED BEFORE WE TRY TO SOLVE PROBLEMS IN SPACE?

Clearly, there is never enough financial support for all worthy programs, and our national budgeting process, just as in our everyday household or business budgets, consists of a balancing of needs. Economists attempt to do this by using formal benefit/cost analyses; that is, programs with the most benefit per unit cost should receive priority. But how do we quantify future, mainly unidentified benefits? Or costs, for that matter, if we include the actual costs of national resource depletion or environmental degradation?

The scientific community is often concerned because there are frequently insufficient long-term commitments to scientific programs. However, scientists sometimes do not understand that the ultimate source of support is the voting taxpayer, and most voting taxpayers do not understand what the scientist wants to do or why he wants to do it.

The following excerpt from the Hearings before the Subcommittee on Space Science and Applications of the Committee on Science and Astronautics. House of Representatives, Ninety-Third Congress. March 14, 1973, illuminates this point:

Congressman James Symington. I suppose that all of us feel the constraints of the current financial situation. Harder decisions are being made now than may have been the case 19 years ago, but that doesn't make them correct, just because they are hard.

When you say the decision was not made by NASA alone, or the fault was not that of NASA alone, and the blame belongs elsewhere, at least partially, I take it you're referring to the managers of the budgetary process. Now they probably are trying to think of what the market will bear in terms of public acceptance of programs, or perhaps to put it another way, what we will least notice is missing.

What I think our task may be, with your help, is to try to convey to the average citizen what would be missing if we failed to go forward with these projects.

You have described the concern of the scientific community in the suspension of the HEAO (High Energy Astronomical Observatory) project, but that concern obviously is not widely shared, as the average citizen knows nothing of it.

What am I to say to my constituents and people I speak to concerning the importance of this program in language they will understand?

Dr. Hofstader.* I think that is a very good question . . . Let me give you an example. When Einstein made his considerations about mass, and energy, and relativity, it looked like they were completely academic and had nothing to do with anything practical, but we know how important those things are. Those are the foundations of atomic energy.

The neutron was discovered in 1932. It's only 40 years since the discovery of the neutron. Now we have the whole atomic energy industry. Even as long ago as in the late 1930's or 1940's. Rutherford himself said that the neutron would never have any practical significance.

What I'm trying to say here is that scientists who are working with these abstract ideas, which apparently have no relationship to the real world, suddenly find that they are terribly, terribly important, and I think this is going to happen again . . . There's going to be a new source of energy that's going to turn the whole world around . . .

In today's "show me a result" atmosphere, the often long and arduous "scientific process" does not appear to generate much that people wish to buy; the man in the street finds it difficult to relate to, say, quantum mechanics. What do scientists have that we should want? C. P. Snow wrote in Science and Government of the contributions that science made to Britain's survival in World War II. He said, "Scientists have something to give which our kind of existential society is desperately short of; so short of that it fails to recognize of what it is starved: that is foresight."

It is that kind of foresight, for instance, that led knowledgeable scientists and engineers to predict many years ago the approach of our current energy crisis.

Scientific "foresight" was a key element in the potentially valuable discovery made by physicist Dr. Hans Bethe, when in 1933 he published his theory on the energy conversion process which powers the Sun. Although of enormous importance to the scientific world (Dr. Bethe won the Nobel prize for his work), there seemed little practical application of such knowledge here on Earth—until the energy crisis came along. The science and technology of nuclear fusion, perhaps the best hope for Earth's long-range energy needs, originated in Dr. Bethe's "abstruse" astrophysical theories.

More recently, a team of dedicated men discovered a polio vaccine. But their discovery would not have been made possible without the electron microscope, a tool which had been developed for purposes totally unrelated to polio research.

Clearly, well thought out long-range planning is required to maintain the Earth in a livable state. This planning must be on a global scale, and must include consideration for all peoples. This point was well illustrated by Dr. Ernst Stuhlinger in his letter to a nun working with the starving people of Zambia, Africa:

"About 400 years ago, there lived a count in a small town in Germany. He was one of the benign counts, and he gave a large part of his income to the poor in his town. This was much appreciated because poverty was abundant during medieval times and there were epidemics of the plague which ravaged the country frequently.

"One day, the count met a strange man. He had a workbench and a little laboratory in his house, and he labored hard during the daytime so that he could afford a few hours every evening to work in his laboratory.

"He ground small lenses from pieces of glass; he mounted the lenses in tubes, and he used these gadgets to look at very small

*Dr. Robert Hofstader, Department of Physics, Stanford University.

objects. The count was particularly fasinated by the tiny creatures that could be observed with the strong magnification and which nobody had ever seen before.

"He invited the man to move with his laboratory to the castle, to become a member of the count's household and to devote henceforth all his time to the development and perfection of his optical gadgets as a special employee of the count.

"The townspeople, however, became angry when they realized that the count was wasting his money, as they thought, on a stunt without purpose. 'We are suffering from this plague,' they said, 'while he is paying that man for a useless hobby!'

"But the count remained firm. 'I give you as much as I can afford,' he said, 'but I will also support this man and his work, because I know that some day something will come out of it.'

"Indeed, something very good came out of this work, and also out of similar work done by others at other places: the microscope. It is well known that the microscope has contributed more than any other invention to the progress of medicine, and that the elimination of the plague and many other contagious diseases from most parts of the world is largely a result of studies which the microscope made possible.

"The count, by retaining some of his spending money for research and discovery, contributed far more to the relief of human suffering than he could have contributed by giving all he could possibly spare to his plague-ridden community."

The direct benefits to man of the knowledge gained and the tools developed as a consequence of man's exploration of the solar system are only beginning to be recognized. More are still to come. But at what cost?

NASA's budget for 1974 is $3 billion, of which about $350 million is to be directly applied to solar system exploration projects. The total federal budget is $269 billion, of which $25 billion is for interest on the national debt, $81 billion is for defense, and about $126 billion is for human resources.

Thus the lion's share does go to societal concerns, as it should. At the same time, the third of a billion dollars that is slated for solar system exploration (13 hundredths of one percent of the total budget) is indeed a small investment in the future. As Lawrence Lessing wrote in FORTUNE in 1964:

"The purposes of this (space) exploration are no clearer to many men in this age than they were in Galileo's, so it is not strange that there is opposition. In this economic age, however, the opposition is not so much theological as budgetary. Both seem equally mistaken in the context of their times, for the earlier astronomical discoveries did not diminish man's spirit but rather enlarged and ennobled it, and space discoveries should have the same uplifting and enlarging effect. After all, a budget is only money, but new knowledge is a dukedom whose great wealth and resources cannot even begin to be estimated or exhausted. Already the new knowledge acquired in space exceeds by far the value of funds so far spent. For knowledge, more than guns or butter, is the true power of modern states."

TAX INCENTIVE FOR RESOURCE CONSERVATION UTILIZING TAX-EXEMPT INDUSTRIAL DEVELOPMENT BONDS

Mr. HUGH SCOTT. Mr. President, on February 27, 1974, I joined my good friend from Nebraska (Mr. CURTIS) in sponsoring S. 3068, a bill to provide for a tax incentive for resource conservation utilizing tax-exempt industrial development bonds.

One of the Nation's leading experts on this subject, H. Lawrence Fox, recently testified before the House Ways and Means Committee in support of S. 3068. Mr. Fox, who is a partner with Pepper, Hamilton & Scheetz, presented his statement on behalf of the Sun Oil Co.

Because I believe Mr. Fox's testimony to be of great significance in light of current energy conservation efforts, I ask unanimous consent to print it and accompanying material in the RECORD.

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

STATEMENT OF THE SUN OIL CO. AND H. LAWRENCE FOX*

Section 103(c)(4) of the Internal Revenue Code of 1954—"An Incentive for Recycling Waste and Conservation of Other Natural Resources."

INTRODUCTION

Madam Chairman and Members of the Committee, I am H. Lawrence Fox, Washington, D.C., and am representing The Sun Oil Company and myself. Joining me today, solely as an expert in tax-exempt financing, is Mr. John Noonan, New York, New York, Assistant Vice-President, Kidder, Peabody & Co., Inc.

The purpose of this presentation is to bring to your Committee's attention S. 3068, a Bill introduced on February 27, 1974, by Senator Carl T. Curtis (R-Neb.) along with eight co-sponsors. This Bill, among other things, provides for a tax incentive for resource conservation that has, to date, been largely overlooked; the tax exempt industrial development bond.

PROPOSED AMENDMENTS TO SECTION 103(c)

On March 6, 1973, Senators Curtis (R-Neb.), Allen (D.-Ala.), Dole (R.-Kans.) and Talmadge (D.-Ga.), introduced S. 1087 which would amend Section 103(c) of the Code to eliminate the requirement that water facilities financed under Section 103(c)(4)(G) be made available to the general public and to raise the $5 million exempt small issue exception to $10 million. Since that date, Senator Curtis concluded that S. 1087 should be broadened to also provide for industrial development bond financing of fuel saving devices and conversion costs of gas or oil burning equipment to other energy materials such as garbage (solid waste), coal, bark, peat or lignite, and to exclude certain capital expenditures, and to raise the $1 million exempt small issue to $5 million. Since these hearings concern themselves with the recycling or use of wastes as natural resources, my testimony will be directed only to that part of S. 3068 which would provide an incentive for industry to conserve fuel and to convert its energy consumption to the use of waste materials and natural resources which are more available than certain petroleum products. However, it is hoped that your Committee will consider the entire Curtis Bill.

HISTORICAL BACKGROUND OF THE PRESENT LAW

As you know, until 1968 the Internal Revenue Service considered the interest on all industrial development bonds (hereinafter referred to as "IDBS") to be tax exempt under Section 103(a) of the Code. This administrative position was overruled by the Revenue and Expenditure Control Act of 1968 (P.L. 90-364, 82 Stat. 268) which enacted Section 103(c) and which provides that, in general, IDBS are not tax exempt. This rule does not apply where governmental units obtain funds to operate various businesses themselves.

Moreover, the Act contains exceptions to the new general rule so that certain types of facilities may continue to be financed with tax exempt bonds just as they were prior to the enactment of Section 103(c)(1).[1] Some of these exceptions are based on the premise that there are certain legitimate functions of government for which most local governmental units do not possess the expertise required to be directly involved, such as residential real property, sports facilities and mass commuting facilities.

In addition, Congress recognized that the acquisition of certain types of facilities for private industry or business users are for the inherent good of the community even though their use or operation may yield a return on investment. A few examples are sewage or solid waste disposal facilities, air or water pollution control facilities and facilities for the furnishing of water, if available on reasonable demand to the members of the general public. In this category, Congress was concerned with the existence of specific problems and sought to maintain an incentive for their elimination. The precise means for utilizing that incentive was intentionally left flexible.

Finally, in addition to the exempt activities, Congress provided that small issues of $1 million or less in which the proceeds are to be used for land or depreciable property should continue to bear tax exempt interest. This exemption was subsequently broadened to $5 million if the governmental issuer makes a proper election.

LEGISLATIVE RECOMMENDATIONS

Your attention is directed to S. 3068 since it contains two proposed amendments (proposed Sections 103(c)(4)(H) and (I)) to Section 103(c) which are related to these hearings;

One, proposed Section 103(c)(4)(H) which provides for the tax exempt financing of any facility which will convert or replace gas burning or oil burning equipment to allow the burning of other energy source materials, such as garbage, coal, bark, peat or lignite. This new exception to the general rule is consistent with the original intent of the enactment of Section 103(c) since the conversion or replacement of oil or gas burning facilities will inherently provide a benefit to the public by helping to alleviate the demand for some of the petroleum products which are currently in short supply as well as induce the recycling of wastes. If industry will convert some of its energy needs to waste products or to some of the other natural resources in this country, oil or gas otherwise required

*As one of the original drafters of Section 103(c) and the first proposed regulations promulgated thereunder, I have maintained a continuing interest in the area as a tax lawyer and by writing several articles and following proposed legislation. The Sun Oil Company has sponsored only a part of this testimony; its endorsement was obtained solely because of my recommendation that the proposed legislation was socially desirable. The Company has not made any analysis of my testimony or how the legislation, if passed, could be used at its refineries or other facilities. Thus, it should be made clear that Sun's endorsement relates only to its policy that the nation should eliminate wastes and become energy independent.

[1] Section 103(c)(4) provides for tax exempt financing for: residential real property for family units; sports facilities; convention or trade show facilities; airports, docks, wharves, mass commuting facilities, parking facilities or directly related storage or training facilities; sewage or solid waste disposal facilities or facilities for the local furnishing of electric energy or gas; air or water pollution control facilities; and facilities for the furnishing of water, if available on reasonable demand to members of the general public. These special projects are known as "exempt activities". Section 103(c)(5) provides for tax exempt financing for industrial parks. Section 103(c)(6) provides for tax exempt financing for land or depreciable property provided the bond issue is $1 million or less and in certain instances $5 million or less; these are known as "exempt small issues".

for industry can provide heat for homes and gasoline for automobiles. In addition, our environment will benefit from the elimination or recycling of wastes.

Two, proposed Section 103(c)(4)(I) which provides for the tax exempt financing of facilities which are in the nature of fuel saving devices. It is believed that most industrial complexes currently waste approximately eight to ten percent of the fuel being consumed and, therefore, the acquisition of devices which would reduce or eliminate this waste should be encouraged. The public will be benefited by a reduction in both fuel consumption and hopefully solid waste.

SUMMARY

The two new exempt activities are of obvious benefit to the general community. This Section was amended in the Revenue Act of 1971 [2] which indicates that Congress recognized the need to continually re-examine the priorities set forth in that Section. Thus, it is clear that these proposals are consistent with overall tax policy. In connection with the new exempt activities, resolving the energy crisis and the recycling of solid waste is as important today as was the control of pollution in 1968 and thereafter.

These proposals should be enacted as soon as practicable. Overall, S. 3068 will serve as an incentive for the creation of new jobs and may save existing ones. This worthy goal will be met without Federal allocation of funds or an increase in the bureaucracy to administer the use of the funds created by the incentive. It will aid in attaining the nation's goal of increasing the use of our full range of natural resources and will help to spur industry to eliminate certain fuel wastes and to recycle or convert certain wastes to fuel.

There is no question that enactment will insure that some of the projects which industry might not otherwise undertake by reason of high interest rates and/or limited return on investment will be considered and undertaken. In brief, enactment will provide an incentive to channel capital where it is sorely needed.

CERTAIN OTHER RELATED MATTERS FOR THE COMMITTEE TO CONSIDER

There are certain other amendments to Section 103(c) which the Committee may wish to consider in order to facilitate the recycling of wastes and to help eliminate the energy crisis. Section 103(c)(4)(E) provides for the tax exempt financing of solid waste disposal facilities. Regulations § 1.103-8(f)(2) defines such facilities to include only those where at least 65 percent of the materials introduced into the facilities are solid waste, and are completely valueless. While it can be argued that this interpretation conforms to the traditional notions of solid waste recycling, as a practical matter, few, if any, modern day recycling and reprocessing techniques operate with a valueless raw material. For example, old paper and junk cars are not valuable per se but are also not completely valueless.

In addition to the conceptual and definitional problems previously described, delays inherent in the administrative process of determining whether or not a given item is both a solid and is valueless has created a situation which is inconsistent with the nation's need to develop alternative resources that previously were not economic or efficient to use. For example, administrative delay in determining which facilities in the nuclear fuel cycle qualify as solid waste disposal facilities could have a significant impact on the development of this critical source of energy. This is in no way a reflection on the competence of the Internal Revenue Service or the Department of the Treasury which, of necessity, have been required by the existing Section 103(c)(4)(E) to make judgments in an area totally outside of their expertise. However, after six years neither has been able to interpret the Code and, therefore, it may be time for Congress to resolve this issue.

Perhaps the simplest method of resolving this would be to permit tax exempt financing of disposal facilities without reference to the type of waste handled, i.e., a waste disposal facility should be defined to include any that collects, stores, alters or disposes of significant amounts of items that, in their present form, are unused, unwanted, useless or dangerous. Such an amendment would recognize the fact that the recycling technique is not some latter day form of alchemy where the raw product is completely valueless, and constitutes 65 percent by weight or volume of the material handled.

S. 3068

A bill to amend section 103 of the Internal Revenue Code of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 103(c)(4) of the Internal Revenue Code of 1954 (relating to certain exempt activities) is amended—

(1) By striking out in subparagraph (G) "if available on reasonable demand to members of the general public." and by inserting in lieu thereof "whether or not to the general public.";

(2) by striking out the period at the end of subparagraph (G) and inserting in lieu thereof, "or"; and,

(3) by adding at the end thereof the following:

"(H) facilities which cause, allow, or result in the conversion from or replacement of gas burning equipment to or with oil burning equipment or facilities which cause, allow, or result in the conversion from or replacement of oil burning equipment to or with equipment which burns other energy burning materials such as garbage, coal, bark, peat, or lignite.

"(I) fuel saving devices for industrial facilities."

(b) Section 103(c)(6) of such Code (relating to exemption from industrial development bond treatment for certain small issues) is amended—

(1) by striking out in subparagraph (A) "$1,000,000." and by inserting in lieu thereof "$5,000,000.";

(2) by striking out "$5,000,000." in the heading of subparagraph (D) and by inserting in lieu thereof "$10,000,000.";

(3) by striking out "$5,000,000." in subparagraph (D)(i) and by inserting in lieu thereof "$10,000,000."; and

(4) by striking out in the heading of subparagraph (E) ". . . the facilities described in this subparagraph are facilities . . ." and by inserting in lieu thereof ". . . the facilities described in this subparagraph, other than those described in sections 103(c)(4)(F), (H), and (I), are facilities . . .".

(c) EFFECTIVE DATE.—

(1) The amendments made by subsection (a)(1) of this Act shall apply with respect to obligations issued after the date of enactment of this Act;

(2) The amendments made by subsections (a)(2) and (3) of this Act shall apply with respect to obligations issued after the date of enactment of this Act, but only with respect to obligations issued before January 1, 1980; and

(3) The amendments made by subsection (b) of this Act shall apply with respect to obligations issued after the date of enactment of this Act.

DETAILED EXPLANATION OF THE PROVISION OF S. 3068

SECTION 103(C)(4)(G)

Section 103(c)(4)(G) provides that facilities for the furnishing of water if available on reasonable demand to members of the general public may be financed with tax exempt industrial development bonds. The limitation that such facilities must be made of the general public is unnecessary. The mere acquisition of facilities for the furnishing of water should qualify because water facilities which are acquired by a private business user or industrial entity will alleviate such users demand from the source of supply being used by the public. The proposed amendment is consistent with the original intent of the statute that the acquisition of certain facilities through tax exempt industrial development bonds should be allowed whenever those facilities by their very nature are of sufficient benefit to the general public. It is also consistent with the Revenue Act of 1971 which added Section 103(c)(6)(G) to the Code.

SECTION 103(C)(4)(H)

Section 103(c)(4)(H) provides for the tax exempt financing of any facility which will convert or replace gas burning or oil burning equipment to allow the burning of other energy source materials such as garbage, coal, bark, peat or lignite. This new exception to the general rule is consistent with the original intent of the enactment of Section 103(c) with its exceptions for certain exempt activities since the conversion or replacement of oil or gas burning facilities will inherently provide a benefit to the public during the energy crisis. The exception is to apply regardless of the age or condition of the equipment being replaced and will benefit the public since it will help alleviate the demand for some of the petroleum products which are currently in short supply. If industry will convert some of its energy needs to waste products or to some of the other natural resources in this country, oil or gas otherwise required for industry can provide heat for homes and gasoline for automobiles.

SECTION 103(C)(4)(I)

Proposed Section 103(c)(4)(I) provides for the tax exempt financing of facilities which are in the nature of fuel saving devices. It is believed that most industrial complexes currently waste approximately eight to ten percent of the fuel being consumed and, therefore, the acquisition of devices which would reduce or eliminate this waste should be encouraged. The public will be benefited by a reduction in fuel consumption, and accordingly, this exempt activity is consistent with the original intent of the statute to allow tax exempt financing of facilities which will benefit the public indirectly even though a business user or private industry user may enjoy the immediate benefit by its acquisition.

SECTION 103(C)(6)

The proposed amendment to Section 103(c)(6)(A) raises the limit on general exempt small issues from $1 million to $5 million and proposed Section 103(c)(6)(D) raises the alternative exempt small issue from $5 million to $10 million. Since the enactment of the exempt small issue exception two problems have arisen: one, the cost of living has increased by an inflation factor of 33* percent with the result that the original intent of Congress is being thwarted; and two, the computation of the capital expenditures as a limiting factor for the $5 million exempt small issue under the existing provision has created confusion and an undue administrative burden upon taxpayers and the Internal Revenue Service. Accordingly, these proposed amendments are needed to keep pace with the rate of inflation in the last six years and the anticipated rate of inflation in the near future. Moreover, they should eliminate some of the administrative burden associated with the present statute. This amendment is consistent with the Rev-

[2] Subparagraph (G) (relating to facilities for the furnishing of water) was added to Section 103(c)(4).

*Bureau of Labor Statistics, Office of Prices and Living Conditions.

enue Act of 1971 which amended Section 103(c)(6), in part, by reason of inflation and administrative burden.

SECTION 103(c)(6)(E)

Proposed Section 103(c)(6)(E) provides that capital expenditures incurred in connection with facilities acquired under Section 103(c)(4)(F) for pollution control and proposed Section 103(c)(4)(H) for fuel conversion devices and proposed Section 103(c)(4)(I) for fuel saving devices shall not be included in the capital expenditures limitation. This proposed amendment is required to insure that the acquisition of the facilities under Sections 103(c)(4)(F), (H) and (I) do not lessen the availability of the exempt small issue.

EFFECTIVE DATES FOR PROPOSED AMENDMENTS

The amendments to Sections 103(c)(4)(G) and 103(c)(6) apply to obligations issued after the date of enactment.

Proposed Section 103(c)(4) (H) and (I) apply with respect to obligations issued after the date of enactment of this Act, but only with respect to obligations issued before January 1, 1980. The limitation of the benefits to be derived from subparagraphs (H) and (I) are limited to the period during which it is anticipated there will be an energy crisis. In the event these exceptions should be needed beyond December 31, 1979, it is anticipated that the Joint Committee and the Treasury will make such a recommendation.

REVERSE DISCRIMINATION

Mr. TALMADGE. Mr. President, in recent years, we have seen developing in our country a disturbing trend toward "Government by the numbers"—a policy of establishing national quotas in various aspects of American life, both public and private.

We have seen it take place in public schools in the South, and in some other States, where children are being bused long distances for the sole purpose of achieving an arbitrary, artificial racial balance. We have seen it in employment, in Government and in the private sector as well. This trend is now beginning to reach into colleges and universities.

A case in point is the widely publicized rejection of a University of Washington law student in favor of minority students with test scores and grade averages lower than his. The case went to the Supreme Court, which very neatly sidestepped the main issue as to whether or not it constituted unconstitutional discrimination in reverse.

It should be plain to any first-year law student that it is discrimination when a person is denied admission to a university purely and simply because of race, whether that race be white or black. How the Supreme Court could fail to so rule is beyond all comprehension.

There appeared in the April 25 edition of the Washington Star-News an excellent editorial on this issue, which I bring to the attention of the Senate and 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:

REVERSE DISCRIMINATION

Sooner or later the Supreme Court is going to have to rule on whether institutions of higher education can legally force more qualified white applicants to stand aside in favor of less qualified members of minority groups. The court did a service to no one when it ducked the issue Tuesday.

The case at hand dealt with a complaint by Marco DeFunis Jr., a white student who was rejected in 1971 by the University of Washington's law school while 36 minority students with grade averages and test scores lower than his were admitted. The Supreme Court, by a 5 to 4 decision, held that the case was "moot"—that is, deprived of any legal significance—because DeFunis was allowed to continue in school pending a final adjudication and will graduate in June regardless of what the Supreme Court might have decided. While a decision may have been of no practical significance to DeFunis, it is, as Justice Brennan pointed out in his dissent, a matter that has stirred widespread debate and one that concerns "vast numbers of people, organizations and colleges and universities. . . ."

The court should provide educational institutions with clear guidance and, in fact, the majority opinion recognized that the issue raised by DeFunis can hardly escape review. When the next case comes before it, we believe that the Supreme Court should outlaw such reverse discrimination practices.

Justice Douglas, another dissenter from Tuesday's sidestepping decision, put it well: "The Equal Protection Clause (of the Constitution) commands elimination of racial barriers, not their creation in order to satisfy our theory as to how society ought to be organized. . . . If discrimination based on race is constitutionally permissible when those who hold the reins can come up with 'compelling' reasons to justify it, then constitutional guarantees acquire an accordion-like quality."

University of Washington officials denied they have a "quota system" for minorities in the law school but, as Douglas pointed out, quota or not, the policy "did reduce the total number of places for which DeFunis could compete—solely because of his race." The key to the problem, according to Douglas, is to develop an admission policy that can be applied "in a racially neutral way."

Certainly there is a need for taking affirmative action to improve the lot of blacks and other disadvantaged minorities, but that cannot mean that whites should be held back. Rather it must mean increasing the economic standing of minority groups and upgrading the educational system at the lower levels to put them in a better position to compete.

One of the cherished ideals of the American system is that every individual should be able to rise as far as his abilities and mental capacity will carry him. To bar a person from doing so because of his color, be he white or black, surely is not only a legal but a moral wrong.

FOREST MANAGEMENT APPROPRIATIONS

Mr. PACKWOOD. Mr. President, several weeks ago, I asked a number of people in the forest products industry to review and comment on the proposed fiscal year 1975 budget for the Forest Service. Their comments have been extremely useful to me in advancing my understanding of the impact of the budget on proper forest management activities.

Of particular interest to me were comments from two extremely well-qualified observers of the forest products industry. Vern White, editor of Western Timber Industry, and Herb Lambert, editor of Forest Industries, have each provided me with an excellent review of their thoughts on the problems facing forest management in the context of the Forest Service budget.

I am pleased to share their views with my colleagues. The two reports, taken together, provide an excellent overview of two independent analyses of the problems we face. Vern concentrates on his conclusion that the funds which we have provided the Forest Service are not being spent as wisely as they could be. To a large extent, this is true. Herb concentrates on the theme that additional funding on a more consistent basis is needed in order for us to meet future needs and maximize forest management potential. I would urge each of my colleagues to study these two reports.

I ask unanimous consent that the text of the reports and the enclosure be printed in the RECORD.

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

MARCH 28, 1974.

Senator BOB PACKWOOD,
U.S. Senate, Old Senate Office Building, Washington, D.C.

DEAR BOB: This replies to your request for thoughts on the Administration's proposed budget for the U.S. Forest Service for fiscal '75 and the Daily Journal of Commerce's pickup of Alfred Baxter's warnings on timberland investment and impending timber shortage.

First, I am befuddled by the budget figures appended. In case after case, fiscal '75 proposals are more than previous years but are followed by minus signs in the final column marked "increase or decrease." Therefore, I am unable to understand what it is that the Administration proposes.

The Forest Service has worked for some years now under both budget and manpower constraints. Inflation has been heavy but its effect is doubtless dwarfed by the necessity to prepare NEPA statements, to put "interdisciplinary teams" into preparing timber sale layouts, to make "roadless studies" and otherwise meet challenges to use of national forests as producers of commercial timber. I can sympathize with the feelings of pressure on its finances and manpower.

Nevertheless, I do not agree that the solution to better timber management or more intensive forestry is more money and/or manpower for the Forest Service. In my opinion, the FS is an inefficient bureaucracy which is incapable of internal reform. More money and manpower will only get us more inefficiency—writ larger.

Since the Administration's early appropriation/manpower limits, the FS has, in my opinion, blackmailed the wood products industry into urging the Congress and the Administration to increase money and manpower. The blackjack is the threat not to get the job done in its timber sales program, under the guise of lack of finance. With the exceptions of FS Regions III (Albuquerque) and VI (Portland) the threat has been followed by the deed. Baxter's talk is partially in response to that blackmail.

In my opinion, the FS has far too many chiefs and far too few Indians. This is a function of bureaucracy which is incapable of internal cure. I understand the FS employs slightly more than 100 economists. Its studies of the marketing and manufacture of wood products—subjects far removed from managing forests—are legion. The Division of State and Private Forestry, for instance, is putting more manpower into a study of the efficiency of small sawmills—a subject the FS is no more qualified to conduct than the sawmills' millwrights are to discourse on forest genetics. Certainly the Forest and Range Experiment stations are beyond the FS' proper field of managing federal forests in embarking on long term studies of comparative architectural systems for light

commercial construction, or in delving into long term economic studies of probable mill employment. Such studies are more fun and reap more prestige than planting, surveying or cruising timber, of course. Often they do little more than to permit the researcher to ride his hobby horse.

The first reaction to news of the budget cuts that I remember in Region IV was the addition of a fourth full time public relations man (FS calls them "information and education officers") in the regional office. That doesn't count their clerical staff or the full time PR man for the Willamette NF, also in Region VI.

That's all peanuts, of course, compared with big appropriations squanderers such as the timber access road engineering activity. An immense empire was built—then kept busy by overdesigning roads and overdetailing blueprints. It grew *in the face of* the FS turnaround to *reduce roadbuilding* by longer reach cable sales, helicopter and balloon yarding, etc. Even the later knowledge that staking and some design and survey work would be turned over to the timber purchaser hardly phased the road design crew. It is analogous to the growth of the British colonial office while the colonies disappeared, as cited by Parkinson.

The ambitions of the bureau may be served, Bob, but the interests of the public scarcely are by appropriations of funds for acquisition of lands to complete land exchanges. These almost always are "stumps for stumpage" trades in which the FS acquires more acreage of recently logged, often unstocked lands, in return for less lands, but containing harvestable timber. The FS fails to reforest the lands it has now. Meanwhile, it delivers to a favored operator the inventory which might better remain available for sustained yield cutting by local mills dependent on public timber.

What I'm trying to say is that, if the expensive economists who prepare hand-wringing studies about unreforested timberlands were kicked out of their offices, loaded into a crummy, given a mattock and made to plant trees, the FS and the American public would both be better off.

Alas, we both know it won't happen while FS officials are recommending budget provisions concerning themselves and their peers.

Either the Administration's budget office or the Congress must assume the most rigid and detailed line item control of the FS budget or there will be no reform. It is for failure to wade through that task—not for niggardliness in funding—that I fault the Congress.

The above heresy may get me expelled from the club, Bob, but, I'm sorry, I simply am not interested in playing the "Better forestry needs more funds" game. Better forestry needs a bit of spartan diligence.

Enclosed is a brief story from Western Timber Industry showing the increase in funding and the decrease in performance in the FS timber sale preparation and administration ("cut and sell") programs in recent years. Conclusions from these figures do need to be discounted for inflation and for the increasing ecological constraints alluded to earlier. But they're still grim!

Thanks for the opportunity to say it!

And best personal regards,

Sincerely,

VERNON S. WHITE,
Editor.

FOREST SERVICE TIMBER SALES PROGRAM FOR 1972 UNCHANGED FROM 1971 AT 12.4 BILLION

WASHINGTON, D.C.—The U.S. Forest Service timber sales program for fiscal 1972 will be unchanged from fiscal '71 at 12.395 billion board feet, FS timber management officials revealed.

Both years will be well below the 13.690 "sell" programed in fiscal 1970.

However, the financing budgeted to accomplish the fiscal 1972 sale program will be well above both previous years.

The budget presented to Congress calls for $27,718,000 to sell the 1972 program of 12.395 billion. Some $26,213,000 was appropriated to sell a like volume in '69 and $26,449,000 was appropriated to sell the 13.960 programed for fiscal '70.

The fiscal 1972 sale program is divided exactly as '71 was between regular sales (11.795 billion feet) and salvage and thinning sales (600 million).

Appropriations to administer the timber cut show a similar rising cost pattern.

The Administration asks Congress for $24,308,000 to administer a projected cut of 13.8 billion board feet in fiscal 1971. That compares with $22,902,000 for the 13.430 billion estimated for the current fiscal year.

The FS does not, of course, have a precise, direct control over a given year's cut, as the decision is the sale purchaser's within the overall life of the sale contract. Thus, the "cut" figure issued by the FS responds primarily to its estimate of probable market conditions related to the volume of timber under contract.

The only figures issued in the President's economic message concerned overall funds for timber management and the probable increase in the cut. The lack of any increase in the timber sales program was not included.

Figures used here for administration of the FS cut and sell programs do not include reforestation and other functions making up the greater part of the timber management portion of the FS budget. The full timber management section of the FS budget rises to $225.6 million in fiscal 1972 from $199.1 million.

A glance at the table below will reveal the taxpayer has, in four years, been asked to pay 29% more per thousand board feet to administer the FS timber harvesting program and 28% more per M to administer the timber sales program.

Or, put another way, the volume of timber proposed to be sold in fiscal 1972 is up 2½% over '68, but the cost of administering it is up 32%. Similarly, for administration of the harvesting program, volume to be cut is figured to rise 16% in the same four years, but cost of administering the cut rises 50½%.

Fiscal year	Cut			Sell		
	Volume [1]	Cost		Volume [1]	Cost	
		Total [2]	Per 1,000		Total [2]	Per 1,000
1969	11,883	$16,135	$1.35	12,064	$20,952	$1.73
1970	12,950	16,825	1.29	13,690	16,449	1.93
1971	13,430	22,902	1.70	12,395	26,213	2.11
1972	13,800	24,308	1.75	12,395	27,718	2.23

[1] In millions of board feet.
[2] In thousands of dollars.

APRIL 23, 1974.

Hon. ROBERT PACKWOOD,
U.S. Senate,
Washington, D.C.

DEAR BOB: A while ago you sent Bill Freeman, chairman of the board of Miller Freeman Publications, a brief note relating to the Administration's fiscal 1975 budget and a copy of that portion relating to the Forest Service and the national forests.

You invited Bill Freeman's comments, and he has replied. He, in turn, asked Vern White, of our Portland office, and me to comment also.

I suppose if there could be just one word to convey endorsement of most of the remarks contained in the material you had inserted in the RECORD, it would be, in my opinion, Amen! By that I simply mean full endorsement of the fact that there are remedies available to us to prevent recurrent crises in lumber and plywood supply and remedies available for the assorted problems in timber supply.

The remedies, as I feel have been explained in myriad versions during hearings in Washington, during some of your own field hearings, and at other times and places, are fundamentally two-pronged: Use the technical knowledge and expertise which professional forest managers possess; and allocate the funds necessary to do the job.

That expert knowledge and the results achieved in its application have been demonstrated, I feel, and are a matter of record. The funding, on the other hand, seems to get lost in the shuffle. Yet, without it the job can't be done. And the job entails not only supplying necessary building materials for national housing needs and goals, but supplying the range of non-commercial benefits which result from a "growing-to-its-full-potential" forest resource.

Regarding the funding, many knowledgeable economists and others have responded to the Forest Service's budget almost line-by-line. There is nothing herein intended to elaborate on that kind of testimony. I suspect one of the most recent comments you have received was that by George Craig, executive vice president, Western Timber Assn., San Francisco. I believe he sent you copies of testimony he presented at hearings as recently as the early part of this month.

Just as one example, Craig noted that the FY 1975 budget would reduce program funds for reforestation and stand improvement but expressed the expert opinion that such funds should, in fact, be increased by 50 percent. If you have seen the Forest Service's recent report on planting in 1973 I'm sure you have noted that the federal government planted 394,414 acres. The forest industries and other industries planted approximately three times as much—or 964,201 acres. Those industrial plantings accounted for, the report said, 74 percent of the total 1,229,391 acres planted by private landowners. This action may be placed in perspective by recalling the often-quoted statement that some 4,000,000 acres of federal lands are un-stocked or understocked. I cite just this one example because I feel it is one warranting understanding by those who set and manage the budgets. And I cite it, also, as a reflection of the comment made by you for the RECORD (and made by so many foresters) that outlays for intensive management (which includes re-stocking) of national forest lands are not just simply outlays, but are investments—with returns many times over the initial cost or allocation.

I can assure you, Bob, I would be the first to shout support for definitive action to reduce needless federal (and state) spending. But appropriations directed toward funding forest management on the level at which professionals are capable of providing it is simply good business and a sound investment. It seems, however, that that point inevitably is lost in verbiage, or in manipulation, or perhaps in pure cussedness. It could also be lost in ignorance.

While there may be no line item in the Forest Service budget for it, I suspect increasing dollars will have to be spent in coping with litigation. The expense will be both in dollars and in time spent on such cases. It would appear that foes of more intensive forest management, or even well-intentioned but insufficiently informed environmentalists, intend to limit the role of the Forest Service either by fiat or by slow tightening of assorted nooses. They, I feel, must share considerable responsibility when, ultimately, supplies of building materials are scarce and prices zoom to unbelievable levels.

The efforts at trying to wring from the Administration, or from skeptical legislators, or from a less-than-adequately-informed constituency the kind of investment funding which I feel federal timber management agencies should expend have to be pushed and pushed. S. 2296, which Sen. Humphrey

introduced, and which you and others cosponsored, is one of the firmest steps in that direction so far taken. Let's hope the proposed legislation, and that proposed by Rep. Rarick, will reach the finish line. While I do not feel the blanket indictment is warranted, it seems that when the forest industry supports this kind of legislation it is accused of being singularly self-serving.

Yet, recently, Prof. Henry Vaux, widely-respected University of California forest economist, told a western meeting that "timber growing policy on California forest lands should be aimed at increasing our wood supply 75 percent above the present level of harvesting." Vaux, it may be stated unequivocally, is not an "industry man" nor a neophyte in forestry or forest economics and management. Much of California's forests, as you so well know, are federal holdings.

These are but minuscule comments, Bob, when compared with the range of expert testimony and support given in Washington in analysis of, and support of, intensified management of federal commercial lands. And, as I noted early in the letter, I make no attempt at a line-by-line analysis of the budget. It's simply that I believe dollars spent on this resource mean dollars returned to the Treasury and benefits and products provided for the population.

Waste of any sort is anathema. And I surely do not delude myself into believing that in any agency as large as the Forest Service, there are no places where savings could be made. But I am largely referring to waste on a national scale. Failure to more intensively manage a *renewable* resource is waste of the most shameful sort. The whole nation loses. Perhaps what we need is some sort of legislation which requires an Economic Impact Report to be filed when roadblocks are thrown into the way of federal timber owning and managing agencies as they seek to carry out their responsibilities.

This letter may smack of being an editorial in the magazine. That wasn't the intention. It is more a sharing of thoughts and beliefs, some of which may be of value to you in your consideration of action in the forest resource field.

While I do sign this as editor of FOREST INDUSTRIES and have spent some 20 years in the forest industry communications field, I believe a B.S. degree in forestry and familiarity with the resource in the South, the California area and the Pacific Northwest and, to a somewhat lesser extent, the Lake States, provides further foundation for the comments.

Cordially,

HERBERT G. LAMBERT,
Editor.

INCREASING SOYBEAN PRODUCTION

Mr. HUMPHREY. Mr. President, on April 17 the Wall Street Journal carried an article by David Brand concerning efforts of agricultural researchers to increase the yield per acre of soybean crops. Increasing the productivity of soybeans is a necessity if we are to meet the growing global demand for protein.

Past increases in U.S. soybean production have resulted largely from a vastly increased acreage devoted to soybean production. However, the availability of suitable croplands cannot possibly expand in proportion to growing world demand. This situation necessitates a significant breakthrough in increasing crop yields.

Richard Cooper, chief researcher at the U.S. Department of Agriculture's Regional Soybean Laboratory, has spent the last 5 years working to develop a dwarf soybean plant which he hopes will be considerably more productive than the present 4-foot plants. He hopes that the dwarf plants will yield 80 to 100 bushels per acre, which is about three times the national average.

The delicate nature of the present low-yield plant has made it difficult for agricultural researchers to increase the productivity of soybean plants as they have with other crops. Numerous techniques for increasing productivity are presently being explored. One possibility which has great potential is hybridization, which has significantly increased corn yields over the past 25 years. Another promising technique is that of fertilizing the plants with carbon dioxide which, according to Du Pont researchers Ralph Hardy and U. D. Havelka, would produce larger quantities of the nitrogen essential to increase bean formation. Agricultural scientists have also attempted to develop a "day-neutral" plant which would flourish at varying latitudes and be less sensitive to variance in levels of daylight.

Techniques such as these have the theoretical capability of increasing soybean yields but are not yet ready for application on a commercial scale. Lester Brown, of the Overseas Development Council, considers this the greatest research priority at present.

Mr. President, I ask unanimous consent that this article on soybean research be printed in the RECORD.

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

AGRICULTURAL RESEARCHERS TRY TO BOOST YIELDS OF SOYBEANS GENETICALLY, BUT TASK ISN'T EASY

(By David Brand)

URBANA, Illinois.—The plant that Richard Cooper holds so lovingly isn't much to look at—just a brittle brown stem with clusters of ripe bean pods strung along it. But this homely plant has taken Mr. Cooper five laborious years of research to produce.

The plant is a dwarf soybean, and from it may spring the first generation of superproductive soybeans. At the Agriculture Department's Regional Soybean Laboratory, where he is chief researcher, Mr. Cooper has discovered that diminutive soybeans are more bountiful than normal four-foot-high soybeans.

Increasing soybean productivity may not sound very startling, but agricultural scientists see this research as a major hope of providing enough protein for a burgeoning world population. The soybean is higher in protein than any other plant known to man, but yields have remained frustratingly low. This has led to a tremendous global demand—and high prices—for the beans, particularly in the U.S., Europe and Japan, where soybeans are the principal high-protein feed for poultry and livestock.

Consumers also are affected directly by soybean production. Soybean oil is used in such products as margarine and shortening, and some Americans are even eating the bean itself as artificial meat, mainly in the form of hamburger "stretcher." For millions of Asians the bean—as a protein curd called tofu—has long been an integral part of a largely vegetable diet.

TRYING TO "BLIND" THE PLANT

The search for higher yields is leading scientists into some very odd areas. They have dwarfed the bean plant, emasculated it and gassed it with carbon dioxide. Now they are attempting to "blind" it as well.

Most of these projects probably won't pay off for several years. During that time the world demand for soybeans is expected to soar. Global consumption is increasing by 7% a year, faster than the beans can be grown in the U.S., which provides 90% of the world's exports. (Last year these exports—soybeans and their oil and feed products—earned the U.S. $3.8 billion.) However, between 1950 and 1973 U.S. soybean yields increased only six bushels to an average of 27.8 bushels an acre. (By contrast, through complex genetic manipulation U.S. corn yields have been raised in the same 25 years by more than 53 bushels to 91.4 bushels an acre.)

Total U.S. soybean production has soared 423% since 1950, but this has been achieved by quadrupling soybean acreage. The U.S. is fast running out of available cropland, however; it's estimated that this year some two million fewer acres of soybeans may be harvested.

The failure to increase soybean yields is beginning to result in "a deteriorating world supply and a great deal of worry about future protein supplies," says Lester Brown of the Overseas Development Council, a Washington-based think tank. "I doubt whether there is a greater global research priority than this."

THE SENSITIVE SOYBEAN

Trouble is, the soybean is a most unhelpful plant. It will thrive and produce pods laden with beans (which are the plant's seeds) only when there is the right amount of moisture, warmth and, most of all, daylight. As a result, more than 90% of the world's soybeans are grown in 30 U.S. states, Brazil and China. Varieties have been developed for other areas of the world, such as the tropics and Europe, but these are generally low-yielding.

Agricultural researchers say there isn't a single explanation of why the soybean has so far resisted yield breakthroughs. The soybean's high protein content (about 40% of its weight, compared to 8% for corn) is partly responsible because it takes more solar energy to produce a gram of protein than to produce a gram of carbohydrate.

Mr. Cooper, the Urbana researcher, has found another reason: Soybeans aren't very productive because they're too tall. He discovered that during the early stages of development, when the seed pods are growing, the plant becomes so tall (at least 50 inches high) that it can't support its own weight and bends over. Its thick foliage becomes entangled with the leaves of adjoining soybeans. This blocks out the sunlight from the droopy plant, causing flowers and pods to drop off and sharply reducing potential yields.

Mr. Cooper stumbled on this amazingly simple fact quite by chance. In 1967, he recalls, he planted soybeans on an Illinois farm as part of a research project. Instead of flourishing the plants were stunted by herbicide that had been used on corn in the field the previous year. But to his amazement the stunted soybeans yielded nearly 25% more than normal.

To prove his conclusion that the normal soybean plant is too tall, the following year he erected a maze of grid wires over a field of soybeans. The wires supported the beans and kept them upright. The result was considerably improved yields.

DEVELOPING A DWARF

Mr. Cooper theorized that if a soybean only half the normal height could be developed, the plant would hold up under its own weight. He went to work in 1969 and began looking for genetic traits in various soybean varieties that would give a plant stockiness but also the same number of beans as a normal plant. He found these characteristics in southern U.S. soybean varieties that don't keep growing until they are harvested, as do northern varieties, but grow to a certain

height and then stop. After five years of crossing southern and northern varieties, he finally obtained a high-yielding dwarf plant.

He will plant his test field of dwarf soybeans in May; it will be late summer before he knows just how productive they are. "I need 80-to-100-bushel (an acre) yields before I can prove I've done it," he says. That would be three times the current national average.

Such high yields would also be possible with a hybrid soybean, the result of emasculating the plant. But the complexity of producing hybrid seeds appears almost overwhelming to many researchers.

A hybrid seed is the offspring of two different varieties of a plant. When the two carefully selected parents are crossed they produce an offspring that has "hybrid vigor"—the capacity to produce many more seeds than a normal plant. No one knows exactly what causes it, but it's a major reason that corn yields have increased so greatly over the past two decades.

THE HYBRID HASSLE

The soybean is far more complex to hybridize than corn because it is naturally self-pollinating. The soybean flower contains both the male and female parts and the pollen is shed and fertilization occurs before the flower opens. However, an Agriculture Department scientist, Charles Brim, has found a way to breed a soybean plant in which the male part is sterile. Thus, when the flower opens it is still unfertilized.

But the soybean's pollen is too heavy to be blown by the wind; so, scientists must rely on insects to carry the pollen from a fertile plant to a male sterile plant. "I guess we'd have to train lots of bees if we ever wanted to make this work commercially," Mr. Brim says.

There's another problem: Because of genetics, out of every four seeds produced by Mr. Brim's male-sterile parent, only three blossom into plants that will produce beans; the fourth plant is sterile.

Heavy applications of nitrogen fertilizer —another yield boosting technique used on corn—have no effect on soybeans. They have their own fertilizer factories. Their roots are invaded naturally by swarms of bacteria that nestle in the plant and extract nitrogen from the air in the soil. The bacteria convert the nitrogen to ammonia, which is passed on to the plant for conversion to protein.

Until recently this natural fertilizer system was considered very efficient. But then Du Pont Co. researchers Ralph Hardy and U. D. Havelka discovered that the bacteria start slowing down during the final 30 days of the plant's growing period, resulting in an inadequate supply of nitrogen when the need is greatest. This means that fewer beans are harvested, since nitrogen is essential to their formation. The researchers realized that if the bacteria could be persuaded to keep up their nitrogen production during those final 30 days, more beans would mature and yields would increase.

Scientists know that the bacteria in the plant's roots are kept alive by sugars supplied by the plant. The soybean makes these sugars by absorbing carbon dioxide from the air through its leaves (the process of photosynthesis). But as the plant matures, Messrs. Hardy and Havelka theorized, more of its sugars go to the developing seeds and fewer go to the bacteria. Thus, nitrogen production slows as the bacteria are denied food.

The answer, the researchers believed, was to feed the plant more carbon dioxide so that it would produce more sugars and keep the bacteria nourished. This they proved by surrounding growing soybean plants with sheets of plastic and pumping carbon dioxide into the enclosed area around the soybean leaves. They found the bacteria had provided the plant with more nitrogen in one week than they normally do during the plant's entire 100-day life. These test plants yielded nearly twice as many beans as usual.

Fertilizing plants with carbon dioxide in a field is impractical. Mr. Hardy says Du Pont hopes to develop a chemical that would increase the soybean plant's appetite for carbon dioxide.

Work on the appetite stimulant at Du Pont, it's thought, is fairly well-advanced. But the search at other laboratories for ways to "blind" the soybean is only just getting started.

In order to flower and mature properly the soybean must have a certain amount of daylight. If it is grown too far south, it gets too much light, flowers too soon and produces few beans. If it is planted too far north it gets too little light and keeps growing until killed by frost. Thus in the U.S., soybean varieties have been developed that will flourish only at certain latitudes.

Agricultural scientists believe it may be possible to develop genetically a soybean that is "day-neutral." If this could be done, says University of Illinois researcher David Whigham, soybeans might be developed that would grow anywhere in the world, including poor tropical countries and Europe. This would reduce the world's reliance on the U.S. for soybean supplies.

The research is still in its infancy, Mr. Whigham says. But there is promise in a recently discovered soybean plant that appears less sensitive to light than other varieties.

END OF AN ERA

Mr. GOLDWATER. Mr. President, Mr. Robert Hotz, writing in the April 15 issue of "Aviation Week & Space Technology," has succinctly spelled out what is ahead of us in space. The fact that we have been to the Moon and that we have photographed the surface of hitherto unexplored planets in our system certainly does not mean that we quit now.

The space shuttle is the next big and most important step that we have to make, and with this I am sure the American people will begin to realize that our investment in space has been a sound one that will return material wealth to the 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:

END OF AN ERA

The successful Skylab program marked the end of the first era of manned spaceflight and laid the foundations of an expanded role for the future of man in space exploration. Skylab ended the era in which both the U.S. and the USSR space programs sought to determine the limits of man's useful performance in a space environment. Skylab answered affirmatively the questions of man's ability to adapt to a space environment and the value of his useful contributions to space operations. It also laid the foundations for future space operations by demonstrating the basic feasibility of shuttle operations and the habitability and workability of large long-duration space stations that hopefully will appear before the end of this century.

We think the most important contribution is the convincing manner in which Skylab proved beyond all shadow of doubt man's ability to adapt to long periods of space flight without losing his normal capability to work effectively over a broad spectrum of space laboratory activities. These ranged from the spectacular solar panel and solar shield external repairs to a wide variety of internal equipment and scientific experiment fixes that enabled the three Skylab missions to exceed all of their prescribed workload parameters by wide margins.

AVALANCHE OF NEW DATA

The whole cumulative achievement of Skylab requires considerable perspective to evaluate fully. Less than 15 years after Yuri Gagarin inaugurated manned space flight with a single orbit inside his spherical Vostok, a multimanned space station was kept operational for nearly six months—171 days, 13 hr. and 14 min. to be exact. Three crews shuttled to this space station and they performed an enormous workload both on their spacecraft and with the scientific experiments that produced an avalanche of new data sufficient to occupy groundling scientists for years.

All of the three crews returned in good condition and quickly readjusted from prolonged weightlessness to earthly gravity. Much was learned about exactly how to accomplish this during the three missions, and relatively simple solutions were found to most of the medical problems. The last crew, which flew the longest mission, returned to earth in the best condition.

In addition to their constant work as space mechanics, the Skylab crews demonstrated that man is a valuable addition to the loop of scientific experiments and activities that can be performed uniquely from space. Trained human eyeballs again proved to be a valuable supplement to automated optical systems. Skylab crews made a number of significant observations from their orbital platform, some of which officials are pressing them not to discuss, such as activities along the Sino-Soviet border and new construction at Soviet missile test centers. There is no doubt that man must be an integral part of any future space reconnaissance system.

Skylab gave man a tremendous new vantage point from which to explore his universe, both outwardly with a fascinating new look at the sun and inwardly to the changing dynamic patterns of his home on earth. The Skylab earth resources equipment was probably the least effective on board the space lab. But even this breadboard model produced enough data to confirm the possibility for tremendous future contributions from space monitoring of the dynamic processes of this planet to insure a better, and perhaps longer, life for its inhabitants.

For the budgeteer bean counters, who perennially lament the expenditures on space exploration, Skylab offers some interesting facts that may help gauge return on investment. A rough cut from early earth resources data gathered by Skylab is yielding clues to new mineral resources that may ultimately be worth more than the cost of the whole U.S. space program to date. One potential copper deposit located in Nevada from Skylab pictures alone is estimated to have an ultimate value in the billions of dollars.

Another extremely interesting area where Skylab pioneered successfully is in experimenting with various manufacturing processes that are doomed either to limitations or imperfections by the pull of earth gravity. The idea of space manufacturing facilities to exploit the characteristics of weightlessness has been given its initial validity by Skylab.

FLEXIBILITIES' SIGNIFICANCE

But perhaps the real essence of Skylab's performance and its significance for future space operations were in its tremendous flexibility—both in initial design and in operational planning. This quality prevented the initial failure of Skylab when the solar shield was ripped off and a solar panel fouled in deployment and also surmounted a dozen other less spectacular equipment problems to keep the spacecraft operational and reap a bonus harvest of data. There was some additional equipment onboard Skylab, such as the onboard teleprinter that aided this flexibility. But primarily it was a spirit developed between the ground crews with their

considerable array of resources and the flight crews who were able to focus these resources on solving their problems aloft. Because of this, philosophized one Skylab astronaut, "Skylab worked better broken than anybody had hoped for if it was perfect."

Skylab was an achievement that will ultimately benefit every inhabitant of this planet and of which every American should be extremely proud.

—ROBERT HOTZ.

THE GENOCIDE CONVENTION: FOR EVERYONE'S SAKE

Mr. PROXMIRE. Mr. President, some people may wonder why we should devote any time at all to consideration of the United Nations Genocide Convention treaty, when there are, it seems, so many more pressing and important issues for us to deal with in this day and age. It might seem to them that this treaty is irrelevant to the purposes and functions of this body.

But the truth is that this is an issue that has everything to do with why we are here, and with what we are working for every day, in two respects: it strengthens our national traditions by applying them to a worldwide problem, and it attempts to help people—both individuals and groups—by insuring their freedom and security.

In the first sense, the swift approval of this treaty can only do justice to our heritage of freedom, justice, and tolerance for all; in the second, it adds our name to that of 78 nations in opposition to the despicable crime of intentionally exterminating any racial, religious, or ethnic minority. The repeated occurrence of this crime, from the brutalities of Nazism to the tribal atrocities in Burundi, points up the need for our taking a stand against it without further delay. Yet this treaty was buried in legislative limbo for over a quarter of a century, and when brought to the floor earlier this year, never came to a vote. This was a sad mistake.

Fortunately, it is a mistake that can still be rectified, and I urge my colleagues to do so with all possible speed. For the sake of ourselves, our Nation, and all mankind, it is imperative that the name of the United States of America be added to the list of signatories of the Genocide Convention. It unquestionably belongs there.

A BETTER LIFE FOR THE HANDICAPPED

Mr. HUMPHREY. Mr. President, I have long been deeply concerned for the care, treatment, and opportunities provided by this Nation for its handicapped citizens. Recent developments in this field trouble me greatly and convince me that we need to continue to search intensely for better ways of serving the handicapped, both in institutions and in society.

Too often, our handicapped citizens have been the forgotten people.

We claim to have done away with old-fashioned attitudes which frequently sanctioned confinement of these people to beastly asylums and hospitals. In our supposedly enlightened, modern world, we have devised new and better methods of care, treatment, and rehabilitation.

But there are still many needs overlooked and many opportunities for real service neglected.

We may provide more accessible, modern facilities and better trained personnel to serve the handicapped, but too many members of so-called "normal" society still exile their less fortunate brothers and sisters to the attics of their minds.

The handicapped deserve better attention. Every American who has full use of his mental and physical faculties should, by way of giving thanks for his wholeness, be deeply concerned that the rights of mentally or physically handicapped persons to comprehensive habilitation services, and to an equal share of opportunity and hope, become a reality. Certainly this Nation must make this commitment.

Mr. President, I wish to address today three specific issues affecting the handicapped:

The recent trend toward "deinstitutionalization" of mentally retarded and emotionally disturbed patients.

The levels of pay and rules governing personal use of income earned by patients who work in institutions.

The right of the handicapped to equal educational opportunity.

There are, to be sure, many other facets of this subject that continue to demand and deserve our attention. I mention these three only as being among the most pressing.

THE RIGHT TO DECENT AND EFFECTIVE TREATMENT

"Deinstitutionalization" is a concept that, in theory, has strong arguments and evidence in its favor. I am not arguing the theory as much as the manner in which it is sometimes practiced.

Unfortunately, this appears to be an idea that has been misinterpreted and misapplied in many cases, and for the least defensible of reasons—to pinch pennies.

In the mental health profession, there has been a trend in recent years, further stimulated under Federal programs enacted by Congress over a decade ago, toward promoting community treatment centers. This is a worthy idea in principle, for it means more progress away from huge, centralized State institutions and toward preparing greater numbers of patients for entry into productive society and private lives of their own.

At the same time, a series of court decisions has struck down admittedly vague laws on involuntary commitment of patients to mental hospitals.

Finally, surging costs of operating these institutions have generated hasty eagerness by their administrators to embrace the community treatment concept—but as a means of holding down budgets, rather than helping those in need.

The result, recent studies and reports have shown, is often an outflow of patients from the institutions to the streets. They are ill-prepared for the outside world, and little is done to provide alternate sources of counseling, treatment, and shelter after they leave the institutions. Instead of community treatment centers, we are too often finding nothing more than boarding houses for the sick and frightened and unprepared. Though still dependent, they have been robbed of their security and plucked from the only living environment many of them have ever known.

Some become wards of welfare. Some may be fortunate enough to have relatives capable of caring for them. But many are elderly, and have no known family.

Treatment centers, when they indeed exist, are often privately operated and prefer patients who are easy and profitable to deal with, and to leave the chronically disturbed and the indigent to look elsewhere.

The State institutions, which as a result of these forces often have undergone severe depletion of financial resources and personnel, are left with the severely disturbed or retarded, too often amidst most deplorable conditions.

The professions dealing with the handicapped have undergone major changes in their thinking in recent years. The result has been much progressive thought, which properly applied could work to the benefit of the patients and the community alike. But for these new concepts to work requires a parallel rethinking of the role of Government in serving the handicapped.

What is needed is a new partnership of concern and dedication among government agencies at all levels, Federal, State, and local, to produce new methods and programs for delivering services to the handicapped. The Senate last year passed Senate Joint Resolution 118, proposing a White House Conference on the Handicapped. That resolution is awaiting action in the House of Representatives, where I sincerely hope it will receive favorable consideration soon.

But in the meantime, I would welcome and invite the ideas and suggestions of my colleagues in both Houses of Congress, and of professionals in this field. I believe the Federal Government should take the lead in bringing together all parties involved and working out an approach to solving the problems that have emerged in recent years.

THE WORK INCENTIVE IN REHABILITATION

The second matter I wish to address, Mr. President, is one that also has developed as a result of changes in the field of services to the handicapped.

It is the matter of pay to patients who work in institutions, and the rules governing the amounts of income that must be applied against the costs of care and the remaining portions that the patients are permitted to keep for personal use.

My colleagues will recall that this issue was raised in connection with Senate action on S. 2747, Fair Labor Stand-

ards Amendments of 1974, last February, and which was subsequently enacted into law to provide for long-overdue increases in the minimum wage. During Senate debate on this bill, the need for effective enforcement of the FLSA with respect to the employment of handicapped individuals, and the protection of the rights of such individuals who are institutionalized, was emphasized.

The Senate Committee report stressed the importance of District of Columbia District Court decision in December 1973, requiring the Department of Labor to notify public and private non-Federal homes, hospitals, and institutions of their statutory responsibility to compensate all mentally ill and mentally retarded patient-workers, and to notify all such workers of their rights under the act. And the committee noted that under the Rehabilitation Act of 1973, and in part in response to an original amendment I had introduced, an original and full study had been ordered into employment and wage practices in sheltered workshops and work activities centers.

However, a new dimension to the problem has resulted from the discontinuation of the aid to the disabled program. Under the aid program individuals who were employed were permitted to retain a portion of their earnings without a reduction of their public assistance grant.

With the enactment of the new title XVI supplemental security income program in 1972—under Public Law 92-603—which became the source of support this year for many of these individuals, a provision for earned income disregard was retained. However, in general terms, both under the predecessor adult assistance programs and under the new SSI program, Congress affirmed an intent that so-called inmates of public, non-Federal institutions should be the responsibility of State and local governments. One exception was permitted under the SSI program.

An otherwise eligible individual in a medical institution—hospital, nursing home, or intermediate care facility—which is receiving medicaid payments on his behalf, may receive a reduced SSI allowance of $25 monthly. In addition, while Federal financial participation remains restricted to persons in medicaid-certified institutions if medical services are being provided, medical institutions under former adult-assistance and present SSI programs are defined more broadly than under the title XIX medicaid definitions. Thus, a number of institutions, such as many county homes, not qualified under medicaid are still considered intermediate care facilities for public assistance purposes.

However, we are left with a labyrinth or maze of statutory and regulatory definitions which explain a widespread current state of confusion among the States as to which individuals in medical institutions are eligible for assistance payments, and which institutions qualify for assistance in which there is Federal participation. And this confusion was compounded by a delay in the publication of relevant Federal regulations until November 1973, with activation of the SSI program only slightly more than a month away. I am advised that there is currently a serious problem for many residents of institutions in Ohio, and who receive medical services, but for whom Federal assistance may not be provided due to an administrative mix-up affecting their eligibility status, as well as uncertainty over the definition of public institutions eligible for title XIX assistance.

Minnesota presents a different version of the problem. I am informed that the State department of public welfare is using the title XIX medicaid program to help meet the maintenance cost needs for those individuals residing in various types of congregate-care residential facilities. However, the net effect of this changeover from adult-assistance coverage is that the disregard of a portion of the earned income of these individuals is no longer permitted.

This will have a disastrous impact on the incentive to work, which plays such a vital role in the treatment and habilitation of handicapped persons. Mentally retarded persons, for example, who either perform jobs at those facilities or work in sheltered workshops, now find most or all of their earnings being applied against the costs of their care. The reports I have received are that such handicapped individuals in residential facilities, whose medical services are reimbursed under medicaid can expect a monthly spending allowance of only $16.

My office has been in contact with officials of the Social Security Administration and of certain State offices in an effort to achieve some clarification of this vitally important problem. Neither statutory law nor regulations appear to speak directly to this area of concern.

At a minimum, it is necessary that the title XVI supplemental security income program and the title XIX medicaid program be clarified with respect to the unique situation of handicapped persons living in a residential facility where they receive medical services, but who are also employed.

Imagine the difficulties the present inequities pose for administrators and other institutional personnel. Imagine them trying to explain to a mentally retarded patient why he should continue working when his personal allowance had been slashed so drastically.

It is true that the States, counties, and other local jurisdictions, and the institutions themselves, can work out ways of overcoming some of these problems. But the result is a patchwork of differing rules that make administration more difficult and create other problems.

The best solution, it seems to me, is for the Federal Government and the States to work out uniform solutions that are also fair to the patients—for whom, after all, the programs exist in the first place.

At the same time, however, such problems only strengthen the arguments I have made in the Senate on behalf of establishing reasonable income security for these persons. This is especially important, for example, where a mentally retarded person employed in a sheltered work situation also has achieved the capability to live independently.

Without sufficient income to meet the minimum costs of living, this person must face the necessity of being placed in an institution, which can lead to a substantial setback in his or her developmental progress. And the distant location of this institution may require the termination of that person's sheltered work program, leading only to further regression.

That is why I shall continue to press legislative initiatives to provide for the income requirements of such persons, either to enable them to live independently and continue making an important contribution in their community, or, where placement in a residential facility is needed, to continue to know the sense of accomplishment in earning and retaining an income from a worthwhile job.

THE RIGHT OF A HANDICAPPED CHILD TO LEARN

Mr. President, the third area that needs continuing attention and improvement is financing the education of handicapped children.

Last year, I was pleased when the Senate passed S. 896, the Education of the Handicapped Amendments of 1973.

Valuable as that legislation is, however, I suggested improvements at the time which I consider to remain valid and necessary.

First, I introduced a bill, S. 2095, which would provide major reinforcement of the principle of equal education opportunity for the handicapped. The bill would require that States spend at least as much upon education for the handicapped as for other students, in order to be eligible to receive Federal education-aid funds.

I view this requirement as enforcing the intent of a provision of the Vocational Rehabilitation Act of 1973, and incorporating an original bill I had introduced, to require that there be no discrimination against qualified handicapped individuals in any program of activity receiving Federal funds.

I am pleased to learn that a subcommittee in the House of Representatives has recently conducted hearings on a bill, H.R. 70, which was introduced by Representative JOHN BRADEMAS. That bill provides that the Federal Government would pay 75 percent of the extra costs to the States for educating handicapped children, based on the difference between those costs and the expense of educating nonhandicapped pupils.

This bill is similar to S. 6, of which I am a cosponsor, introduced on January 4, 1973, and referred to the Committee on Labor and Public Welfare. I would hope that the Senate would give early and favorable consideration to the principles of these two bills.

Children afflicted with any impairment of their faculties have the same right to a sound education as children without such handicaps. And we all know that education costs money, and is still more costly when the pupil is handicapped. We must assure by legislation that the equal

education rights of handicapped children, already affirmed repeatedly in courts across the Nation, are protected and honored.

But another direct way that this Nation can protect and observe these rights is through adequately financing the education of its handicapped youth.

I have pointed out repeatedly that the same principle applies to these children as the one we discovered in our military and veterans hospitals and our vocational rehabilitation programs—that the cost of rehabilitation is returned many times over in savings when patients with handicaps are given the proper care, training, and motivation to leave the hospitals and institutions and become self-supporting and productive citizens.

Handicapped children, if given the proper education, and equality of treatment in all other respects, can and do become productive, self-supporting and well adjusted citizens. Their own lives are brighter and all of society benefits from their contributions.

I would plead with my distinguished colleagues to keep these principles in mind and to act affirmatively when legislative opportunities to apply them are brought before us.

NAVIES IN WAR AND IN PEACE

Mr. GOLDWATER. Mr. President, sometime ago I placed in the RECORD a commentary on the "Navies in War And in Peace," written by admiral of the fleet of the Soviet Union, S. G. Gorshkov. He has now written a second part of the paper and I believe there will be a third, so to keep the record complete and proper, I ask unanimous consent that this paper be printed in the RECORD.

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

NAVIES IN WAR AND IN PEACE

(By Admiral of the Fleet of the Soviet Union S. G. Gorshkov)

(NOTE.—This article, by the man who has commanded the Soviet Navy for the past 18 years, was cleared for publication in the Soviet Union on 25 February 1972. In this, the second of an 11-chapter series, Admiral Gorshkov traces his countrymen's immemorial, lemming-like compulsion to reach the sea. Restrained, but never fully, by ancient and/or modern enemies, e.g., the Swedes and the Turks, and often constrained by either short-sighted tsars or commissars, the heirs of Peter the Great today assert their "undisputable and legal right to have warships in the Mediterranean Sea"—which may or may not put them on a collision course with the U.S. Navy.)

(Western historians have long believed that the genesis of the Russian Navy can be traced to one man and one ship—Peter the Great and the vessel be built with his own hands in 1693—a statue and replica of which occupy a place of honor in the Naval Museum at Leningrad. Admiral Gorshkov suggests the Navy had its beginnings ten centuries earlier.)

Due to a series of political and historical reasons, the development of the Navy of Russia, the largest continental power in the world, transpired in a very unique manner. Without a strong Navy, Russia had been unable to join the ranks of the great powers. However, at various stages in history her leaders often did not understand the role of the Navy within the system of the country's armed forces and underestimated its capabilities. To a considerable degree this was fostered by many centuries of propaganda conducted by states that were hostile toward Russia, headed by England, which strived to prove that such a large continental power as Russia could not have interests at sea. This psychological coercion began when the Russian Navy under Peter I became one of the strongest navies in the world, and England became seriously alarmed with regard to her title of "Mistress of the Seas."

It must be acknowledged that the propaganda which was inimical to our Motherland had its results. It penetrated into Russia and often found ardent supporters among influential Tsarist high officials, who held the view that the country did not need a powerful Navy and that expenditures for its construction and for maintaining it at the required state of readiness should be cut in every possible way. Thus, in particular, War Minister Kuropatkin wrote in his diary prior to the Russo-Japanese war: "Yesterday with Witte . . . we rapidly convinced His Majesty of the need to halt expenditures for the Navy and the Far East." [1]

The hostile propaganda continually promulgated the idea that Russia is not a maritime country, but rather a continental one, and therefore she does not need a Navy. And if she indeed does need one, then it is only to handle modest coastal defense missions. These ideas were based on the slanderous assertion that the Russians are not a seagoing nation, but rather a dry-land nation, that the sea is alien to them, and that they are not good at seafaring.

Our country, without doubt, has been and is the largest continental power in the world. However, at the same time it has been, and remains, a great seapower. It is enough to recall that the length of the maritime borders of Russia is almost twice that of the coastline of the United States of America and almost 15 times that of France. The portion of the maritime borders of Russia, the U.S.A., and France are about the same—about two-thirds of the total national borders—while for Germany (up to World War II), it was one-third. Yet no one reproached Germany for the fact that, while a continental power, it was striving to have a large Navy.

And today there is widespread propaganda abroad, produced by American ideologists, asserting that the Soviet state does not need a powerful Navy. An example of this is President Nixon's speech of 4 August 1970 in which he stated: "That which the Soviet Union needs in the way of military preparations differs from what we need. The U.S.S.R. is a land power . . . We, however are primarily a seapower, and our needs are therefore different." [2]

One hardly has to say that Nixon's speech, which is a modern-day version of the old attempts by English politicians to show Russia's lack of need for a strong Navy, bears no relationship to the actual state of affairs and contradicts the interests of our state both past and present.

The opponents of Russian seapower have widely used (and are widely using) falsification of her military history. In particular, they assert that all of Russia's victories have been gained only by the Army, and that she can be powerful only by strengthening the Army at the expense of the Navy. For example, the same Kuropatkin reported to the Tsar in 1900: "The lessons of history have taught us to follow the same path which our forefathers took, and to see Russia's main force to be her land Army . . ." [3]

Actually, as it is well known, both the Army and the Navy has actively participated in all of the wars which Russia has waged. Wars without the participation of naval forces have been very few. Thus, in the 200 years preceding the First World War, Tsarism waged 33 wars,[4] and the Navy failed to participate in only two of them (the Hungarian Campaign of 1849 and the Akhaltekinsk Expedition of 1877–1879).

The narrowness of the thinking and the intellectual limitations of the Tsarist satraps of Kuropatkin's type and his successor, Vannovskiy, did not pass Russia by without leaving a trace Their reactionary ideas in opposing a Navy did noticeable damage to the coordinated development of the armed forces, and, consequently, to the defensive capability of the country.

An examination of the role of the Navy in the centuries-old history of Russia leads to the main conclusion that in all stages of the life of the country, she had need of a powerful Navy as an integral part of her armed forces commensurate with the interests of a world power. And therefore Russia repeatedly attempted to build up her Navy even prior to Peter I (for example, the privateer Fleet of Ivan The Terrible in the Baltic).

The development and employment of the Russian Navy undoubtedly was greatly determined by the fact that Russia was the largest continental country in the world. The defense of her borders in wars with contiguous land enemies took place mainly with the aid of armies, which created the preconditions for the underestimates of the Navy by Tsarist high officials. As a result of this and a series of other reasons (among these not the least of which was the economy) the Navy of the Motherland developed rather unevenly. Surges in the naval might of Russia gave way to declines. And each time, a reduction in her seapower evoked new difficulties in the historical path of the state and led to serious consequences. Thus, the outcome of the Crimean War of 1854–1856 was predetermined by the economic of the English and French as expressed in the better armament of the armies and in the superiority of their fleets. The underrating by the Tsarist government of the role of the Navy led to the fact that under the conditions of the peace treaty of 1856 Russia was prohibited from having a Fleet in the Black Sea.

The lessons of this war were not studied by the autocracy. In the war with Turkey in 1877–1878, the appearance in the straits of English ships forced the victorious Russian Army, which was crushing the enemy before it and which was already standing at the walls of Constantinople, to flee without achieving one of the main goals of the war—free access to the Mediterranean Sea. In this case, errors by the Tsarist government with regard to questions of building up the Navy were one of the reasons for the fact that Russia, having begun a "semiwar"in 1877, could only conclude it with a "semipeace." [5] While at the same time England, without participating in this war, and by making only a demonstration of naval might, "was permitted to occupy the island of Cyprus . . . England thereby came into possession of the most important strategic point in the eastern Mediterranean." [6]

The weakness of the Russian Navy, which was revealed in the course of the 1877–1878

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War, greatly alarmed public opinion in Russia. As a result, in 1878 a Voluntary Navy, created by public contributions, was founded in the country: from April through September, broad sectors of the population donated several million rubles to its construction. The work of the cruisers of the Voluntary Navy began with the transporting of Russian troops who had participated in this war from Turkey to the Homeland. Such was the reply of a wide sector of Russian society to the underrating of the role of the Navy by the Tsarist government.

After the war with Turkey, somewhat greater effort was devoted to the strengthening of the country's naval power than prior to it. With regard to building up the Navy, this was expressed mainly in an increase in the number of ships. However, the necessary attention was not given to the qualitative side of the armament and also to the training of the personnel, which had a considerable effect on the results of the employment of the Navy in the Russo-Japanese War of 1904–1905.

In addition to the fundamental economic and political causes, the inactivity of the Russian Navy at the outbreak of the Russo-Japanese War and later its defeat could not have failed to have, according to V. I. Lenin's analysis in the article "The Fall of Port Arthur," a decisive influence on the grave outcome for Tsarism in this war.

In the period of decline, the Navy of the Homeland became inactive (particularly after the Industrial Revolution when the general lagging of Russia in comparison with the other large countries was vividly displayed). This was indicative of the gradual loss by Tsarist Russia of the position of a great power following an independent and sovereign policy and of her transformation into a supplier of cannon fodder to the imperialist plunderers fighting for interests which were alien to the Russian people.

The considerable difficulties for Russian seapower stemmed from her geographical position, which required having an independent fleet capable of ensuring the performance of missions confronting it in each of the far-flung naval theaters. Nonetheless, despite this, the Navy wrote many remarkable heroic pages in the history of the Motherland and played an important role in the fate of the state.

The history of the Russian Navy usually begins with the era of Peter I. In characterizing this era, Karl Marx said that one cannot imagine a great nation so shut off from the sea as Russia prior to Peter I. "Not a single great nation has ever existed or has been able to exist in such an inner-continental position as the state of Peter the Great did initially; no nation has stood by in such a manner to watch her shores and river mouths being wrested away from her. Russia could not leave the mouth of the Neva, the solitary path for delivering the products of the Russian North into the hands of the Swedes." [7]

Russia's struggle for outlets to the sea required the building of an army and a powerful navy with all urgency. Therefore the construction of the Navy under Peter I was the logical continuation of the preceding development of the Russian state and the actual recognition of the rebirth, under the new conditions, of the qualities of a seagoing people inherent in Russians since ancient times.

Actually, beginning as early as the 7th century, our forefathers engaged in armed combat on the Black, Mediterranean, and Caspian Seas (it was precisely at this time when the birth of the Russian naval art began). In the early 9th century, the feats of the Russians were widely known. History recalls the cruise of Oleg through the Black Sea to Constantinople with 2,000 ships carrying 80,000 warriors, and the sea cruises of Igor and Svyatoslav, and others. The voyages of the Russian princes overseas have received sufficient coverage in domestic historical literature.

Beginning in the 9th and 10th centuries "Russian ships sailed the Black . . . and Baltic Seas," [8] at the end of the 11th century the shores of the Gulf of Finland became part of the Novgorod possessions," [9] and by this time "the Russians knew the sea route around Europe via the Varanger and North Seas, along the shores of France and Spain, through the Mediterranean Sea to Constantinople." [10] In the 13th century after a prolonged and arduous struggle with the Swedes and the Livovian Order of Knights, Novgorod began to play an important role in commerce on the Baltic Sea and entered the Hanseatic League of maritime commercial cities. In the 12th century, the Russians engaged in maritime industry and trade on the White Sea, penetrated into the Pechora territory, and in the 15th and 16th centuries they sailed to Grumant (Spitzbergen), Novaya Zemlya, and to the Kara Sea.

Many foreign researchers have also written of the Russian navymen of that day. Thus, the English researcher Fred Jane pointed out: "This (the Russian) Navy can claim an older origin than the British Navy. One hundred years before Alfred built the first English naval ships, the Russians were already engaged in far off sea battles, and one thousand years ago the Russians were considered to be the best navymen of their time." [11]

The fatal invasion of the Tatars destroyed Russian seapower on the southern seas and for a long time separated Russia from the Black and Caspian Seas. She retained in her hands only the shores of the White Sea and a small section of the coast of the Gulf of Finland at the mouths of the Neva and Narva Rivers, where the people of Novgorod steadfastly opposed the enemies which were striving to completely cut them off from the Baltic Sea.

As a result of the prolonged, yet unsuccessful struggle for an outlet to the Baltic Sea, Russia, by the Peace Treaty of Stolbovo (1617), was completely cut off from the Baltic coast. The Swedish King Gustavus Adolphus called this peace one of the "Gods' greatest good deeds", and stated that it would be difficult for the Russian people to surmount the obstacle which had been set up.[12]

The Tatar yoke and the Polish and Swedish interventions following it held back Russia's development for almost five decades. The difficult period for Russia also affected the development of her Navy and maritime commerce (it was reduced to almost nothing). The Western countries, however, which were not subjected to such serious tests and which were protected from the Tatar invasion by the Slavs, developed rapidly and built mighty fleets which were used to conquer colonies and to expand maritime commerce.

However, the activity of the Russians, which had been checked on the southern and Baltic seas, continued in the north, where almost the entire shore from Pechora to the Sea of Okhotsk was explored, and the first information concerning Sakhalin and the Shantar Islands was obtained. In the south, despite the opposition of powerful enemies, the Don and Ukrainian cossacks reached the sea from the Dnieper and Don Rivers. The reunification of the Ukraine with Russia also had a great effect on the development of the Russian state.

Russia had not resigned herself to being cut off from the seas and continually waged a struggle for egress to them. In the situation which developed at the turn of the 16th century, the further development of the state and its economy could have proceeded only with the re-establishment of outlets to the sea. Yet this could be achieved only by the military route for which, in addition to a strong army, a navy was also required. The backward country had to surmount exceptional hardships to solve such a problem in a short time.

It was resolved to begin the breakthrough to the sea with the taking of Azov, which would relieve Russia from the threat of the Turko-Tatar attacks. The international situation and the system of military and political alliances (Russia, Poland, and Austro-Hungary against Turkey) affirmed the correctness of the choice of this direction. However, as the First Azov Campaign (1695) showed, the *strelets* troops [soldiers in the Russian Army in the 16th and 17th centuries—Ed.] turned out to be poorly suited to waging a large war, and the Army alone, without the aid of a fleet, was in no condition to capture the fortress, which received constant aid from the sea. Already by the spring of 1696 the construction of ships permitted the Navy to join the siege of Azov and by joint operations with the Army to capture it. It should be noted that the concerted operations of the young Russian land and sea forces in the taking of this fortress were favorably distinguished from similar but unsuccessful attempts of the British to capture Quebec (1691) and Saint Pierre (1693).

It is true that the capture of Azov did not solve the question of the return of outlets to the sea for free maritime commerce. A difficult struggle had to be won with one of the strongest powers—Sweden—which was dominant in Northern Europe. For this, Russia had to have not only a modern Army but also a no less modern Navy, without which it was impossible to achieve success in the struggle on the Baltic Sea. The first step in this direction was the transport, in 1702, of two warships which were built in Arkhangelsk from the village of Nyukhch (White Sea) to Novenets (Onezhskoye Ozero). They were delivered by portaging them over "His Majesty's Road," which stretched 160 verst [a Russian unit of measurement equal to .06629 miles—Ed.] through dense forests and swamps.

The appearance of a Russian Fleet in the Baltic had an immediate effect on the combat operations for an outlet to the sea at the mouth of the Neva and for possession of the island of Kotlin, and also on the success of the defense of St. Petersburg, which had been recently founded. By 1705, when the Swedes undertook a combined attack of land and sea forces against the city, Peter's Navy already numbered 11 frigates and 107 more light craft (mainly galleys). Encountering opposition by the Russian Army and Navy, the Swedish attack failed.

One of the most important dates in Russian history is 27 June 1709—on this day the victorious Battle of Poltava took place, signifying the end of Sweden as a great power. However, the aims of this war were not achieved. Twelve more long years of intense struggle were required to achieve them.

In order to clear the Gulf of Finland of hostile warships they had to possess Vyborg, to remove the direct threat to Petersburg, and to open the path for the Russian Fleet to the Finnish skerries. An attempt to solve the problem with some ground forces did not lead to success. Vyborg was taken later by closely coordinated operations by land and naval forces. It was followed by Riga, Pernov, Arensburg, the Moon Sound Islands, and Revel. The Navy gradually became the most important factor in the continuing struggle. As a result of joint operations of the ships and the troops landed from them, in the

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summer of 1713 Helsingfors [Helsinki] and Abo were captured, which created the direct threat of the seizure of the coast of Sweden and its capital. Yet, despite this, the Swedes did not consider themselves beaten, because they were confident that their ships of the line would be able to destroy the Russian Navy and to prevent the transit of landing forces across the Gulf of Bothnia.

The Hanko victory was the "first important victory (of Russia) at sea which raised the spirits in the Army and Navy and made them believe in their own power. Peter the Great, who equated the Hanko victory with the one at Poltava, awarded all of its participants with a medal struck in honor of the triumph." [13] This victory opened the way to the shores of Sweden and consequently to Stockholm to the Russian Navy and Army. "Both hands of the Russian potentate" had given Russia a glorious victory, which was of vast significance to her.

England and France, and subsequently also other states, fearing the strengthening of Russia and the complete defeat of Sweden, wove every type of intrigue against Russia and put pressure on her. However, Peter I did not give up his intentions to consolidate the shores of the Baltic Sea taken by him for Russia with the aid of a battle-proven Army and Navy, which became the real force supporting the independence of the state's policy. The Russian Baltic Fleet continued to grow. According to the general consensus there were only two powerful navies in the world at that time—the English and the Russian Navies.

Attempts to restrain Russia in her desire to reach the sea were not limited to intrigues and diplomatic pressure by foreign states: in the summer of 1719 England introduced her ships into the Baltic Sea. Inspired by this, the Swedes undertook active naval operations. However, in a naval battle off of Ezel [Saare] Island on 24 May 1719 the Russian line forces under the command of N. A. Senyavin defeated the Swedish squadron and captured three ships (including the flagship), and in July and August, galleys under the cover of ships of the line landed large landing parties in the area of Stockholm.

At the end of 1719 England concluded a military alliance with Sweden, directed against Russia, which inspired the Swedes to continue the war.[14] In 1720, large English naval forces again entered the Baltic Sea. However, the Russian Fleet, operating actively off of the Swedish coast, won a victory over the Swedes in a battle off Grengam Island. In 1721, despite the presence in the Baltic Sea of the English, the Russian pressure on the Swedes continually grew. On 30 August 1721, Sweden was forced to sign a peace treaty with Russia according to which it relinquished forever the areas of the Baltic coast taken by the Russian troops. This treaty was clear evidence of the importance of a Navy operating in concert with ground troops to achieve the goals of a war. Even the interference of England and other states could not ruin the results of the Poltava victory and prevent Russia from becoming firmly established on the Baltic shores.

Thus, the Navy fulfilled an important role in Russia's long and difficult struggle, initiated to re-establish outlets to the seas ensuring the development of her economy and freedom of overseas trade. Following the victory of the Russia Army at Poltava, the Navy smashed the Swedish naval power in battles at Hanko, Ezel, and Grengam, and forced it to relinquish forever the land captured by the Russians on the shores of the Baltic Sea.

On the medal struck in honor of the victory over Sweden it is written: "The end of this war through such a peace was obtained by no one other than the Navy, for it was impossible to achieve anything by land."

Although the Navy still remained a formidable force, signs of deterioration began to appear more and more after the death of Peter I. Ships, being maintained ever more poorly, fell into decay and were not replaced by new ones in time, since shipbuilding had slowed down. Russia lost her importance as a great seapower.

Russia's participation in the Seven Year War (1756–1763) evoked a timely increase in attention to the Navy, which blockaded the Prussian coast, acted in concert with the Army in taking Memel and Kolberg, and provided sea transportation.

For Russia, the problem of the return of her outlets to the southern seas which had been taken from her still remained, and this required the restoration of the Navy and an increase in its role within the system of armed forces. In 1769, the construction of warships was renewed in the Petrovsk shipyards, and as early as the Russo-Turkish War of 1768 to 1774 the young Black Sea Fleet, under the command of A. N. Senyavin, opened the country's way from the Sea of Azov to the Black Sea, won a series of glorious victories over the more numerous Turkish Fleet, and smashed the landing of its landing force in the Crimea, which aided the establishment of Russia on the shores of the Black Sea.

At the same time, the expansion of the Russian state was taking place toward the East for access to the Pacific Ocean. In the 17th and 18th centuries, the Russians first explored the vast territories of Siberia and the Far East and later Northwest America surprisingly rapidly. The results of these explorations are among the geographical discoveries of world-wide importance. Bering's expedition was organized by Peter I. It was followed by the expeditions of Malygin, Chelyuskin, the Laptev brothers, and others. They explored the shores of Siberia, Kamchatka, Alaska, the Aleutian and Kurile Islands, Sakhalin, and the Sea of Okhotsk, and pioneered Petropavlovsk-Kamchatka.

In the course of the long-time struggle for egress to the sea, Russia managed to build a powerful Navy and her own shipbuilding industry, possessing great potential capabilities. The talent of the Russian officers and admirals was crystallized in an advanced naval art and shipbuilding science. The glorious traditions of the Russian naval school, which gave the world and the Homeland such prominent naval leaders as Spiridov, Ushakov, Senyavin, Lazarev, Nakhimov, and Makarov, and such remarkable shipbuilders as Sklyayev, Vereshchagin, Kurochkin, Yershov, Titov, Bubnov, and Krylov, have been preserved for ages and are being multiplied by Soviet navymen.

THE RUSSIANS IN THE MEDITERRANEAN SEA

The ancestors of the Russian people appeared for the first time in their ships in the Mediterranean Sea as early as the 6th and 7th centuries. More than once they participated with the Byzantine Fleet in combat operations off the coasts of Italy, Sicily, Crete, and Cyprus. In the following centuries, cruises by Russian ships to the Aegean Sea and to the shores of Asia Minor continued. Owing to these cruises, political, cultural, and trade relations were maintained with the peoples of the Mediterranean countries. Later, the Russian Navy, in supporting the security of its own country from the southwest, did not lose a single battle in the Mediterranean Sea, and the remarkable victories in this region brought it world acclaim.

A brilliant page in history was written by the Baltic Fleet squadron, under the command of Admiral G. A. Spiridov, which was located n the Mediterranean Sea in the period 1769 to 1774. This expedition was intended to support the making of major political moves by Russia by threatening Turkey from the sea and by supporting the uprising of the Balkan peoples enslaved by the Turks. The Baltic squadron, consisting of 10 ships of the line and other combatants, were entrusted with unprecedented missions, which until then were considered inconceivable by many. In a letter to Orlov, the Commander in Chief of the Russian forces in the Mediterranean Sea, Catherine II analyzed this cruise in this manner: "All of Europe is marvelling at your feat and is looking at you with expectation." And the squadron brilliantly justified the hopes placed on it. Over a period of several years, in conducting military operations far from its own shores, it destroyed the Turkish Fleet in battles at Khios and Cesme, blockaded the Dardanelles, interrupted the sea communications of the enemy, landed numerous landing forces, thereby drawing the enemy's forces away from the main northern Black Sea area, and captured 20 islands in the Aegean Sea and several coastal cities, including also some on the coast of Cyprus. The Turks, who were constantly in fear of an attack against Constantinople from the south by the Russian Navy, were forced to maintain considerable army forces and the main part of the Navy in readiness to repel this threat.

The stay of the Russian Fleet in the Mediterranean Sea is an outstanding example of autonomous operations by a large naval formation completely cut off from its home ports, which increased the international prestige of Russia and evoked warm sympathy toward her by all the peoples of the Mediterranean Sea basin.

However, the countries hostile to Russia, above all England, still prevented the Russians from achieving full freedom of passage from the Black Sea into the Mediterranean. Only successful actions by the Russian Army and Navy from the north and from the south forced the Turks to conclude a peace, according to which Russia received land between the Bug and the Dnieper and finally established herself on the Sea of Azov and an outlet from it to the Black Sea. The Crimea was recognized as being an independent state by Turkey and subsequently joined Russia. However, the most important thing was that Russia acquired the right to free commercial navigation in the Black Sea with the right of transit into the Mediterranean.

Turkey did not resign itself to the results of the war. The rapid political rise of Russia had evoked irritation among the states hostile to her, which supported Turkey in every possible way in its attempts to compel the Russians by force to give up their territorial acquisitions in the south.

In August 1787, Turkey again initiated military operations against Russia, thereby forcing the drawing off of the Russian ground forces to the southern borders of the state. Taking advantage of this, Sweden, whose leaders still nourished hopes of wresting Baltic areas from Russia, in the summer of 1788 initiated military actions without declaring war, putting Petersburg in a critical position. The Swedish King, Gustav II, intended to seize the border fortresses by decisive attacks defeat the Russian Navy, land a landing force on the southern coast of the Gulf of Finland, and seize Petersburg. The main burden in the struggle for the security of the capital lay on the Baltic Fleet, which successfully defended our shores and, after a series of victories at sea, together with the Army, expelled the enemies from the borders of Russia. Clearly, had there not been a strong Navy, the ground forces would have been unable

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to rapidly cope with such a danger due to their insufficient strength.

The states supporting Turkey and Sweden in this war shifted from diplomatic pressure to threats: England introduced her Navy into the Black and Baltic Seas, and Prussia concentrated troops on the Russian borders. Yet the military actions in the south turned out favorably for Russia. The Black Sea Fleet under the command of E. F. Ushakov inflicted a defeat on the Turkish line fleet in 1790 at Kerch and off the island of Tendra, and in 1791 it finally routed it off of Cape Caliacra. Thus, the Turkish Fleet was expelled from the Black Sea and its Army, deprived of ship support, soon reduced its resistance. In 1792, peace was concluded in Yassakh according to which the Black Sea coast from the Dniester to Novorossiysk went to Russia.

During this war, Russia was unable to dispatch a squadron to the Mediterranean Sea due to the need to conduct combat operations in the Baltic and Black Seas. However, by taking advantage of the sympathy of the Mediterranean peoples, the Russians were able to rapidly outfit privateer detachments of Greek ships, and both at Trieste and Syracuse they created privateer squadrons which, by interrupting the enemy's shipping and attacking his coastal bases, diverted considerable Turkish land and naval forces from the main, Black Sea theater. This essentially created a second front for the Turkish Army, which undoubtedly had a considerable effect on the course and outcome of the struggle in the main area.

The international situation at the turn of the 19th century was extremely complex. After a bourgeois revolution, France waged a fierce struggle with England, which had already been a capitalist society for a long time, and which had seized the main colonial regions. Serious disputes arose between France and Russia, who were striving to take advantage of the legacy of the disintegrating German empire. In this period, Engels pointed out, it was only a question of whether the weak German states would form a French or Russian Confederation of the Rhine. The stratagems in the situation led to sudden sharp turns in the policies of the major countries of Europe and to changes in the directions of their main military efforts.

From 1797 to 1800, Russia, allied with England, Austria, and Turkey, conducted military operations against France. The Russian Army led by A. V. Suvorov displayed wonderful heroism in Switzerland and northern Italy. The Russian squadron in the Mediterranean Sea, under the command of F. F. Ushakov, freed the Ionian Islands from French domination, and later took an active part in driving the French out of Italy. One of the most brilliant deeds of the Navy was taking the strong fortress of Corfu in 1799 after a three month siege. Having received news of this Suvorov said: "Our Peter the Great lives. What he said upon beating the Swedish Fleet off of the Aland Islands in 1714 is, namely, that nature made only one Russia: she has no rivals—that we now see too. Hurrah! To the Russian Navy! . . . Now I say to myself: Why wasn't I at Corfu, even as a Warrant Officer?" [15]

It should be recalled for comparison that at this same time the English Fleet under the command of Admiral Nelson was conducting a siege for the second year of the weaker fortress of La Valletta on Malta and was unable to take it.

The political consequences of the victory of the Russian Navy in the Mediterranean Sea were very significant. Napoleon felt that the Ionian Islands were the most important jump-off position for military actions against Egypt, the Balkans, Constantinople, and the south of Russia. Therefore the expelling of the French from the Ionian Archipelago radically altered the situation in the Mediterranean Sea. Thus, the Navy was the most powerful weapon of the foreign policy of Russia, who by the actions of her Navy drew Italy, Sardinia, and even Tunisia into her own sphere of influence.

Despite the vast contribution of the Russian Navy in changing the political situation in Europe, Western European and American historians even today with the light hand of Mahan continue to ignore Ushakov in every way and refer to him merely as a conscientious pupil of Nelson's, supposedly due to which he achieved success. However, a simple comparison of dates of the largest battles conducted under the leadership of these two famous admirals shows that the main naval victories of Ushakov were won considerably before Nelson was able to display his talent as a naval leader.[16]

The flourishing of the naval art in Russia in the second half of the 18th century coincided with the furious development of the Russian art of war as a whole. Thanks to A. V. Suvorov, the Russian Army considerably increased its glorious combat traditions. F. F. Ushakov performed the same service for the Navy.

After the main forces of Ushakov's squadron had left the Mediterranean Sea, part of the ships and naval infantry remained there in order to ensure the safety of the Ionian Islands. Yet within only a few years Russia again began to concentrate naval forces here under the command of Admiral D. N. Senyavin to counter new attempts by the French to carry out takeovers in the Balkans and also to protect the Ionian Islands as bases for the Russian Navy in the Mediterranean.

Naval operations in this period were prosecuted in a very complex and rapidly changing military and political situation. At the end of 1806, Turkey, at the urging of Napoleon, declared war on Russia, which completely changed the mission of the Russian Mediterranean squadron, whose main goal became operations against Turkey from the south together with the allied English Navy. However, the true intentions of England boiled down to not allowing free passage of Russian ships through the Black Sea straits, thus ensuring complete sway for her ships in the Mediterranean Sea. As a result, Senyavin was forced to limit the squadron's mission to blockading the Dardanelles. Nevertheless, in a battle off the Dardanelles and in the battle at Aphantos, it routed the Turkish Fleet.

At the same time as the Russian Fleet was winning brilliant victories in the Aegean Sea, peace talks were underway in Neman between Napoleon and Alexander I. On 25 June 1807, within a week after the Aphantos battle the Peace Treaty of Tilsit was signed which sharply altered the foreign policy of the Tsarist government which shifted to an alliance with Napoleon. Russia received a breathing space, which was purchased at an extremely expensive price: Napoleon's territorial seizures in Western Europe were recognized, Russia was obliged to participate in the continental blockade of England, starting a war with her, she had to accede to France and Turkey all the strategic positions won by her by that time in the Mediterranean Sea to withdraw all of her forces, and to put a squadron under complete French authority.

This sharp turn in Russia's foreign policy created an exceedingly difficult situation for the Mediterranean squadron. And it was only after almost 20 years that it again appeared in the Mediterranean on the pleasant mission of rendering aid to the Greek people.

In 1827 the Russian squadron under the command of Admiral L. P. Geyden, together with the English and French squadrons, was supposed to force the Turkish occupation forces in Greece to cease exterminating the population which was fighting for national independence. Joint operations of the allied fleets began with the famous battle of Navarino (October 1827) in which the more numerous Turkish Fleet was completely crushed. In the Russo-Turkish War of 1828–1829 a Russian squadron under the command of Admiral P. I. Rikord tightly blockaded the Dardanelles and the Turkish coast from the south.

Later the Russian Navy did not conduct combat operations in the Mediterranean Sea, although its forces, right up to the squadrons of steam vessels, were regularly located there.

Thus, in summing up what has been said, we clearly see that the Mediterranean Sea, which is located close to the southwestern borders of Russia, beginning with the period of the sailing fleets, was the region having a most important significance for her defense. Russian squadrons conducted combat operations there not to seize foreign territories or enslave peoples, but for the sake of ensuring the security of their own country. This was a struggle of forces on the foremost line of defense of the country when threats of aggression arose from the southwest.

The operation of the Russian Navy in the Mediterranean Sea, which was of an exceedingly active nature, each time led to results which had a very significant effect on the overall course and outcome of the armed defense of the country from aggression from the southwest. Thus, in 1770–1774, the Navy rendered most important aid on the strategic plane, not only in the defense of the southwestern regions of the country, but also by diverting large enemy forces toward itself, and directly aided the Russian Army in achieving remarkable victories on the Danube front. And the timely movement of naval forces to the Mediterranean Sea and their brilliant victories played a great role in the conclusion of an exceptionally favorable peace treaty for Russia in the war of 1768 to 1774.[17]

The combat operations of Admiral F. F. Ushakov's squadron in the Mediterranean Sea from 1798 to 1800 had the goal of heading off the imminent aggression of Napoleonic France against Russia from the southwest. At that time the situation was crystallizing in such a manner that the capture by the French of the region of the Ionian Archipelago, which represented a first rate position for the subsequent development of military operations capable of having an effect on the course of Suvorov's campaign in Italy, forced Russia, while not expecting a direct attack, to send naval forces into the Mediterranean. The victorious actions of the Navy led to a radical change in the situation not only in the Mediterranean Sea, but also on its entire coastline, which was of inestimable aid to Suvorov's Army and aided in achieving the goals of the armed struggle of the state.

The presence of the Russian Fleet under the command of D. N. Senyavin in the Mediterranean Sea in 1806–1807 also had as its objective strategic cooperation with the Russian Army battling with the troops of Napoleonic France, which was allied with Turkey. And also in this case our Fleet achieved its goal, delivering a series of crushing defeats to the Turkish Fleet at sea and to the French troops in the Balkans.

As is seen, historically it has turned out that when a threat arises of enemy encroachment on the territory of Russia from the southwest, the Russian Navy has been moved into the Mediterranean Sea where it has suc-

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cessfully executed major strategic missions in defending the country's borders from aggression. In other words, our Navy has shown the whole world that the Mediterranean Sea is not anyone's preserve or a closed lake and that Russia is a Mediterranean power. The location of her forces in these waters is based not only on geographical conditions (the proximity of the Black Sea to the Mediterranean theater), but also the age-old need for the Russian Navy to stay there.

Today, when the capabilities of the imperialist aggressors to attack the Soviet Union directly from the Mediterranean Sea have increased extraordinarily, this region has assumed especially important significance in the defense of our Homeland. The constant presence there of the U.S. Sixth Fleet, with aircraft carriers and missile-carrying submarines, has as its basic mission a surprise attack against the Soviet Union and the countries of the Socialist community. The U.S. Navy command openly states that the missiles of the nuclear-powered submarines and the carrier aircraft from the Mediterranean Sea are aimed at objectives in the U.S.S.R. and the states of Eastern Europe and are in a constant state of readiness to deliver nuclear strikes against them.[18]

It is natural that in response to the direct threat, the Soviet Union is forced to undertake defensive measures and implement its undisputable and legal right to have warships in the Mediterranean Sea. They are there not to threaten peace-loving peoples, and not to implement any sort of expansionist desires, which are alien to the very nature of our Socialist state, but in order to nip aggression in the very bud, should the imperialists attempt to undertake it from this region.

And if our enemies more and more often look at the Soviet Navy and see it as a hindrance to their adventures, this means that it is accomplishing the mission assigned to it.

For several years, the Western bourgeois press, and state and military figures have been conducting a high-flown propaganda campaign with regard to the stay of Soviet warships in the Mediterranean Sea. A majority of the statements, having the goal of deceiving public opinion, are colored by false assertions that the Soviet Union is sending warships to the Mediterranean Sea supposedly to put pressure on individual states of this region, to conduct "gunboat diplomacy," to threaten the southern flank of NATO, etc. They write and say that the "political influence of the Russians in this strategically important sea is directly proportional to the numerical strength of their Fleet." [19] Admiral C. Duncan, an American who is Supreme Commander-in-Chief of the NATO Forces in the Atlantic, recently asserted that the most dramatic challenge that NATO is running up against is the fact that the Russians have put to sea.[20] Such statements are an attempt to ascribe to the Soviet Union intentions which are completely alien to it. Our influence in this region (as well as throughout the world) is growing, primarily owing to the policy of peace and friendship being conducted by the Soviet state.

Undoubtedly the strengthening of the prestige of the U.S.S.R. in the opinion of the Mediterranean peoples is also being fostered by the comparison by them of the policy of our state with U. S. policy. The most important instrument of American policy in the Mediterranean is the Sixth Fleet, which has repeatedly interfered in the internal affairs of the Mediterranean states and has supported aggressors in their actions against freedom-loving peoples. Such actions characterize U. S. policy as a clearly expansionary, antidemocratic, and policeman policy.

In contrast to the Sixth Fleet, the Soviet Navy has not once interfered in the internal affairs of the Mediterranean states and has not committed any sort of aggression against them. The presence of our warships in the Mediterranean Sea constantly prevents the disturbance of the peaceful atmosphere in this region and plays a deterrent role. As early as 1968 a TASS statement pointed out: "The Soviet Union as a Black Sea power, and, consequently, a Mediterranean power, is exercising its indisputable right to have a presence in this region. Soviet naval ships are in the Mediterranean not to create a threat to any people or state. Their mission is to promote the cause of stability and peace in the Mediterranean Sea region."

At the 24th CPSU Congress, L. I. Brezhnev said: ". . . Attempts to ascribe to the Soviet Union intentions that are alien to it do not deceive the people. With full responsibility we declare: we have no territorial pretensions whatsoever, we threaten no one and we intend to attack no one; we stand for free and independent development of all peoples. . . . In contrast to the aggressive policy of imperialism, the Soviet Union presents a policy of active defense of peace and the strengthening of international security.

COMMENTARY

(By Rear Adm. E. M. Eller, U.S. Navy, retired)

A graduate of the Naval Academy in 1925, Admiral Eller served in the Pacific during most of World War II and, in 1946, assumed the duties of Director of Public Information, Navy Department, Washington, D.C. After graduating from the National War College and serving on the Joint Staff of the Joint Chiefs of Staff, he commanded the Middle East Force, 1950–1951. After his retirement in 1954, Admiral Eller became Director of Engineering at Bucknell University, a position which he held until 1956 when recalled to active duty as Director of Naval History Division, Navy Department. Since his retirement in 1970 he has been spending his time writing, including his recent book *The Soviet Sea Challenge*. Admiral Eller is a three-time winner of the Naval Institute's Prize Essay Contest. He has received honorable mention in the Contest on three other occasions and has been a frequent contributor to the *Proceedings*.

Admiral Gorskov well understands the magic advantages which control of the sea bring a nation. Writing with clarity of perception and skill in slanted argument, he drives home the correct conclusion that the U.S.S.R. needs great power afloat to force the world into Communism. Without this force, she cannot insure successful insurgencies. Neither can she expand and dominate the world.

He sings the propaganda song of friendship and support of "peace-loving people." Yet throughout, his historical examples demonstrate to the Party that a strong Navy has helped bring vast territorial gains—and today opens to the world as "the most powerful weapon of Russia's foreign policy."

The shrewd leader of the Red Navy not only perceives the importance of seapower himself, but obviously has so convinced the leaders who count in the Politburo. Pronouncements like this group of significant articles are not made lightly in the U.S.S.R. They speak the party line, so we should listen carefully. With Gorshkov showing the way, the Kremlin has concentrated immense resources into the elements of maritime strength The results are frightening. Almost overnight the Soviets have rushed ahead to pass the United States and to become Number One on the oceans. These articles help show why.

As a professional naval officer, Admiral Gorshkov says strikingly little about tactics, training, naval weapons, leadership, and other essentials of the naval art. Clearly writing to inform, and to convince doubters, he concentrates on the military and political benefits to the country of a strong Navy.

Like the others, this second article has a facade of party line ideology. Yet the points Gorshkov drives home show understanding of the historical importance of seapower, astute thinking, and clever presentation to gain acceptance from the land-minded hierarchy:

He blocks opposition to naval power by accurately showing that "The Motherland" could not "join the ranks of great powers" without a strong Navy. Russia's past setbacks and failure to win territorial gains in war, he says, came usually because she lacked the necessary fleet. Many examples drive home the point and the effect upon the "historical path of the state."

Russia suffered in the past because Tsarist leaders swallowed hostile foreign propaganda (led by Britain and now the United States) that she is not a maritime country and therefore does not need the sea. Thus, if any Soviet leaders today oppose the aggressive build-up in all facets of seapower, they become suspect dupes of foreign anticommunist propagandists.

The U.S.S.R. has the longest maritime frontier in the world, almost twice that of the United States, and 15 times that of France. Thus, considering sea borders (he does not note that most of the U.S.S.R.'s are icebound most of the time), the Soviet Union has first need for seapower.

Russians are inherently sea going people. Therefore Peter I merely achieved a rebirth by creating "one of the strongest fleets in the world." The surge to first place today continues the trend and can produce the same large benefits.

In the homeland, the Army sorely needs a strong Navy "cooperating jointly with ground forces to achieve the goals of the war." When Peter I did not have a powerful fleet, he failed. When he did, he won his objectives. "The land army," Peter said, "has one arm, but the Government that possesses an army and a fleet, is a body with two arms." When Russian monarchs after Peter failed to maintain an adequate fleet, Russia either lost battles or failed to gain desired territory, especially in the Black Sea-Mediterranean area—or between wars did not atttain her diplomatic objectives. Thus seapower is a main instrument of national policy.

The Army needs a fleet also for distant operations. In the Napoleonic wars, Russia was not endangered by threat of attack from the Mediterranean. However, the conquests of Russia's Mediterranean fleet greatly furthered operations of the Army in Austria and Italy. Admiral Gorshkov calls this "strategic cooperation with the Army."

A Navy can ensure security of sea frontiers. The U.S.S.R. wants superiority for this purpose and not for the "imperialistic designs" of the capitalistic nations. Yet this frayed mask can't hide the evidence: Peter the Great had to have a fleet to hope to expand to the Azov and Black Seas. He needed it to gain the Baltic. He and successors needed it to reach for the Mediterranean.

Taking customary communist liberty with facts, Admiral Gorshkov gives the impression that the U.S.S.R.'s present European frontiers constitute, in considerable part, the bounds of a thousand years ago. Aggrandizement since against Moslems, Persians, and others in the south, the Baltic States and Central Europe in the west, the Tartars, Mongols and Chinese in the east—all have been merely protective measures in expansion that has not ceased.

The Motherland is a Mediterranean Power, and requires free access to it. The fleet now there "is based not only on geographical conditions (the proximity of the Black Sea to

Footnotes at end of article.

the Mediterranean theater) but also the age-old need of the Russian fleet to stay there."

When the Navy has superior strength (as against Sweden in the Baltic and Turkey in the Black Sea) then it can carry the war overseas to the enemy. Invasion and territorial gains can follow. Illustrations of successes must whet Politburo appetites for distant shores.

Indeed, territorial expansion is a major theme of this article: expansion to the west to win the Baltic coast; expansion "toward the east for an outlet to the Pacific Ocean"; and with special emphasis, expansion to the south, which has occupied so much of Russian history, and where opportunity of critical import still awaits in the Middle East, Africa, and the Indian sub-continent.

Singularly, in recounting territorial gains, Admiral Gorshkov carefully refrains from citing the large conquests from Persia around the Caspian. He does not mention the acquisitions west of the sea grasping for the Persian Gulf and Middle East (once again, as for most history, critical for control of civilization), where the U.S.S.R. has made significant gains in recent years. Neither does he mention the conquests to the east of the Caspian—nor the long yearning for India and the Indian Ocean, now close to fruition.

Takeover of the Crimea in one of the Turkish wars illustrates a maneuver not forgotten in Moscow. The Army with the Navy "forced the Turks to conclude a peace, according to which Russia received land between the Bug and the Dnieper, and finally established herself on the Sea of Azov and an outlet from it to the Black Sea." He adds that "The Crimea was recognized as being an independent state by Turkey and subsequently joined Russia."

Actually, of course, Catherine set up a puppet government, just as Stalin did after World War II in bordering states, employing ambitious nationals of these countries.

The Mediterranean stands out as the ultimate goal for southwest expansion (or semi-ultimate, for beyond lie the Suez Canal, Egypt, and all the vast seething continent of Africa to communize). The operations of a Russian fleet in the Mediterranean for several years in the 1760s and 1770s against Turkey evoke another statement of import. These, the Admiral writes, are "an outstanding example of autonomous operations by a large naval formation completely cut off from its home ports, which increased the international prestige of Russia and evoked warm sympathy toward Russia by all the peoples of the Mediterranean." And he adds of operations a few years later, "the Navy was the most powerful weapon of the foreign policy of Russia, who by the actions of her Navy, drew Italy, Sardinia, and even Tunisia into her own sphere of influence"—an 18th century preview of today.

The Soviet Union's predominant influence throughout the latest Arab-Israeli war, and the grave energy threat it raised for the Free World, demonstrate the correctness of Admiral Gorshkov's emphasis on the value of the Navy in international crises beyond her shores. It surely added to his stature and influence in the Politburo. Thus the Kremlin's intense drive to control the seas, and therefore civilization, will not slacken.

In condemning the U.S. employment of the 6th Fleet "as a clearly expansionary, anti-democratic, and policeman policy," Admiral Gorshkov reveals why the Russian Navy has returned to the Sea of History in force. He remembers how the Kremlin retreated in Azerbaijan, how it relaxed threats against Turkey, and how it failed to overthrow governments in Greece, Lebanon, and Jordan, to be replaced by Communist regimes.

Having shown how the Russian Navy through history has furthered conquests, the Soviet CNO concludes with a soothing note. His fleet in the Mediterranean, he avers, has only the mission "to promote the cause of stability and peace . . .

"We have no territorial pretensions whatsoever, we threaten no one and intend to attack no one."

In this connection, and as anchor to our comment, it seems appropriate to quote F. T. Jane's words of three quarters of a century ago: "Every Russian feels himself a member of the empire that will be the world empire of the future. And that empire will be a great sea-empire. . . . At some future date that great struggle . . . this new Punic War . . . is . . . likely to be absolutely decisive." Since he quotes from another passage of the book where these words appear, Admiral Gorshkov must have read these words, believed them, and preached them in the Kremlin. He is obviously preparing his Navy for "that great struggle."

FOOTNOTES

[1] A. I. Sorokin. *Russko yaponskaya voyna 1904–1905. Voyennoistoricheskiy ocherk* (The Ruso-Japanese War 1904–1905. Military Historical Essays), Voyenizdat, 1965, p. 19.

[2] The Washington Post, 5 August 1970.

[3] *Itogi voyny. Otchet general-ad"yutanta Kuropatkina* (Results of the War. Report of Kuropatkin's Adjutant General), Vol. 4, Warsaw, 1906, Tipografiya Okruzhnogo shtaba, p. 68.

[4] Shatsillo, K. F. *Russkiy imperialism i razvitiye flota nakanune pervoy mirovoy voyny* (Russian Imperialism and the development of the Navy on the Eve of WWI), Izd-vo Nauka, 1968, p. 12.

[5] *Diplomaticheskiy slovar'* (Diplomatic Dictionary). 1, Gospolitizdat, 1960, p. 402.

[6] *Vsemirnaya istoriya* (World History), Vol. VII, Izd-vo AN SSSR 1960, p. 175.

[7] K. Marx. *Taynaya diplomatiya XVIII v.* (Secret Diplomacy of the 18th Century).

[8] *Vsemirnaya istoriya* (World History) Vol. III, 1951, p. 251.

[9] *Istoriya voyenno-morskogo iskusstva* (The History of the Naval Art), Vol. I, 1953, p. 81.

[10] *Morskoy Atlas. Opisaniye k kartam* (Naval Atlas. Description of the Charts), Vol. III, Part 1, pp. 54–55.

[11] Jane, Fred. T., The Imperial Russian Fleet. Its Past, Present, and Future, London, 1904, p. 10.

[12] N. P. Lyshin, *Stolbovskiy dogovor i peregovory emv predshesttvovavshiye* (The Stolbovo Treaty and the Talks Preceding It), St. Petersburg, 1857, p. 58.

[13] *Voyennaya entsiklopediya* (Military Encyclopedia), Vol. VII, St. Petersburg, 1912, p. 175.

[14] Tarle, Ye. B., *Russkiy flot i vneshnkyaya politika Petra I,* (The Russian Navy and the Foreign Policy of Peter I), Voyenizdat, 1949, p. 83.

[15] *Istoriya russkoy armii i flota* (*The* History of the Russian Army and Navy), Vol. IX, Moscow, 1913, p. 57.

[16] F. F. Ushakov's victories: at Kerch in 1790; at Tendra in 1790; at Caliacra in 1791; and the taking of Corfu in 1799. Nelson's victories: at Abukir in 1798; and at Trafalgar in 1805 .

[17] Keep in mind the Kuchuk-Kaynardzha Treaty concluded by Russia and Turkey on 10 (21) July 1774, according to which Russia acquired the land between the Bug and the Dnieper, finally established herself on the Sea of Azov and outlets for herself to the Black Sea, and received the right of free commercial navigation in the Black Sea and an outlet to the Mediterranean Sea. The Crimea was recognized as a state independent of Turkey.

[18] Newsweek, 19 July 1971.

[19] Newsweek, 19 July 1971.

[20] Associated Press, 13 December 1971.

Mr. GOLDWATER. Mr. President, I also ask unanimous consent to include an article by James J. Kilpatrick in the Washington Star-News of March 27, 1974, entitled "Soviets Build Up—And We Let Down."

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

SOVIETS BUILD UP—AND WE LET DOWN

(By James J. Kilpatrick)

Sen. James L. Buckley of New York leaped onto the national stage last week with his plea for the President's resignation, but the senator had earned attention earlier this month on a different matter: national defense. Buckley has sounded alarm bells that our country will ignore at its peril.

Writing in the March 15 issue of National Review, the senator has pulled together data from a dozen intelligence sources. He lets the figures speak for themselves, and the figures speak eloquently: In every significant area of defense, the United States now lags behind the Soviet Union.

The requested defense budget for fiscal '75, amounting to $85.8 billion, represents the largest dollar amount ever proposed. The sum already has attracted criticism for its "extravagance," but Buckley argues convincingly that the request is not extravagant at all. Compared to what the Soviet Union is spending, the $85.8 billion is dangerously low.

Defense spending often is analyzed in terms of strategic forces and conventional weapons. Americans can find no comfort in either sector.

There was a time when the United States dominated the entire world in terms of nuclear weapons. This was the period of the 1950s and 1960s, when our deterrent strategy was based upon the "nuclear umbrella." The winds of change have blown that concept inside out. "The American nuclear umbrella," says Buckley, "is no longer credible—either to us or to our allies; or, more importantly, to our potential adversaries."

Over the past five years, expenditures for strategic forces have declined from one-third of the defense budget to less than one-tenth. If the Soviet Union also were reducing its strategic capability, our own changing emphasis might cause no alarm. Buckley observes that the Russians have relaxed nothing. The Soviet Union has developed five new strategic ballistic missiles and two new missile-launching submarines within one year.

The picture is as bleak in terms of conventional weapons. On paper, the United States retains an advantage in heavy bombers and major naval vessels, but the advantage is only on paper. Both the bombers and the ships are aging. By contrast, half the Soviet fleet has been launched since 1964. Its air force has been modernized and expanded. The introduction of two highly advanced MIG fighters "proves they are still willing to spend large sums for high quality general purpose forces."

"While our disinvestment has accelerated since 1968," Buckley writes, "the Soviet Union has increased its armed forces from 3.3 million in 1964 to 3.42 million in 1973. While our ground forces have declined, the Soviets have maintained 75 divisions at full strength throughout the period. Moreover, they have increased the total number of organized divisions that could be mobilized with reserves from 140 to 162 (105 motorized rifle divisions, 50 tank, and 7 airborne). These troops are being reequipped with modern tanks, artillery, and antitank weapons."

These disturbing figures, again, might not cause great concern if the United States were engaged in bold programs of research and development. Here, too, the comparison is dismaying. Since 1968 our own R&D has

been cut by 21 percent while Soviet R&D "has been sustained at a level of 50 percent higher than ours." Most of our research necessarily has to be concentrated on "safe bets." The Soviets, with twice as many projects in motion, are much more likely to come up with far-out weapons that could make the imbalance of power drastically worse.

Buckley is not a pessimist, a defeatist, or a prophet of doom. It is not too late for the United States to regain a qualitative parity in this vital competition. But he asks the country to understand what is happening as the Soviets build up—and we let down.

SOVIET SPORTS PROGRAM

Mr. STEVENSON. Mr. President, the Commerce Committee recently reported S. 1018, a bill to create a National Commission on the Olympic Games to review the question of U.S. participation in the Olympic games. The Senate should be taking up this bill in the near future.

In connection with our study of this bill and international sports in general, we should consider the approach of the Soviet Union toward sports. The Soviets are our main competitors in international sport, and yet we know precious little about their sports program. It behooves us to become more aware of what the U.S.S.R. is doing in this area.

Toward this end, I ask unanimous consent that seven articles which appeared in the New York Times over the last 2 years be printed in the RECORD at the close of my remarks. These articles were authored by Dr. John Washburn, a long-time student of Soviet affairs in general and Soviet sports in particular.

I think the Senate will find, as I did, that these articles throw light on a subject we need to know more about.

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

[From the New York Times, Sept. 3, 1972]

A RUSSIAN PARADOX: YACHTSMEN OF PROLETARIAT STRONGHOLD MAKE WAVES IN A "RICH MAN'S SPORT"

(By John Nelson Washburn)

Yachting is surely the most paradoxical of all the sports on the 1972 Olympic program caught up in Soviet-American rivalry. It is always referred to as a rich man's sport. Yet the major stronghold of the world proletariat has developed a team of yachtsmen capable of threatening Western supremacy at Kiel.

How could that happen?

Primarily, because money is no problem of individual Soviet yacht racers of Olympic caliber produced over nearly two decades under the centrally organized, government-funded system of Soviet-sports.

The great majority of the U.S.S.R.'s top yachtsmen belong to the Armed Forces yachting team. Five of the six 1972 U.S.S.R. yachting champions qualifying for berths on the Olympic yachting team belong to it.

They are Roland Berdash in the Finn Dinghy Class; Vladimir Leont'ev in the Flying Dutchman Class; Boris Budnikov in the Star Class; Valentin Mankin in the Tempest Class, and Timir Pinegrin in the Soling Class. The 1972 Soviet national champion in the six approved Olympic yachting classes for 1972 who is not one of its members but a member of the "Labor" sport society is Boris Khabarov, in the Dragon Class.

ELITISM PREVALENT

An incident that occurred at the 1970 Soviet yachting championships points up the fact that the Armed Forces yachting team is a very potent organization, materially blessed and bureaucratically sheltered. A spirit of elitism prevalent on this team was exhibited in particularly crass form by Konstantin Aleksandrov, many times U.S.S.R. champion in the 5.5-meter Class and a member of the 1968 Soviet Olympic Yachting team.

The crusty, 50-year-old Aleksandrov evoked what one sports writer called "justifiable consternation" among the contestants at Riga during the first week of September. Aleksandrov, as coach of the Armed Forces yachting team, was in command of the cutter servicing the team. He discovered two Finn dinghies, belonging to the rival "Labor" sport society, which were being towed He ordered them to be cut loose immediately. These Finns would have to fend for themselves in the dead calm in the Bay of Riga, Aleksandrov insisted brusquely.

Atop the yachting hierachy of the U.S.S.R. is Igor N. Klimchinskii. His division directs the operations of yachting organizations in the U.S.S.R., with administrative support from the All-Union Sailing Federation. However, it is the Central Committee of the Communist Party of the Soviet Union that continues to set the policy.

A 1948 landmark decree provided that leading Soviet athletes must perfect their technique to the point where they could win world preeminence in their sport. Supporting the Communist Party Central Committee in its campaign for world stature on the part of Soviet athletes, including yachtsmen, is the Soviet press. On Sept. 2, 1970 in the newspaper Sovetskii Sport, yachtsmen of the U.S.S.R. engaged in international competition were criticized for ascribing their unsatisfactory final standings to "bad luck." Greater expertise on their part was called for in the years to come.

Judging by accounts in the Soviet press, comprehensive plans for creating a nucleus of expert yacht racers of Olympic caliber capable of making a good showing at the 1972 Olympics were made well in advance and carefully carried out.

One of the first noteworthy steps taken to enchance the results of Soviet racers in 1972 Olympic competition involved the scheduling of pre-Olympic yachting events in the U.S.S.R.

The yachting center at Riga was singled out to be the site of major Soviet national and international yachting competition for 1970–1972 because, as a writer noted: "The point is that for a majority of factors—winds, currents, weather conditions, etc.—conditions here are very similar to those in the Bay of Kiel."

In connection with the emphasis placed on the Baltic Sea yacht racing conditions present in the Bay of Riga, two important tactical moves were made to improve the image of Soviet yachting prowess at the 1972 Olympics. Valentin Mankin, the 1968 Olympic Finn champion, would represent the U.S.S.R. in the new two-man Olympic Tempest yachting class. A veteran racer Timir Pinegin, the 1960 Olympic Star champion, would be the U.S.S.R. entry in the new three-man Olympic Soling yachting class.

To accommodate Mankin and Pinegin, there was competitive sailing in both Tempest and Soling classes at the 1970 U.S.S.R. yachting championships, although this was in the nature of "Exhibition Races" featuring the two Olympic champions.

However, by the last week in July 1972, when the Soviet yachting championships were held, both men were brilliant performers in their new classes; Pravda hailed Mankin's feat of winning six of the seven races in the Bay of Riga; Sovetskaya Latva congratulated Pinegin on winning five of seven.

With all due respect of Klimehinskii, the ranking bureaucrat for Soviet yachting, and to Pinegin, the 45-year-old Muscovite who was U.S.S.R. Star champion for more than a dozen years before becoming U.S.S.R. Soling champion, the 34-year-old Valentin Mankin is undoubtedly Soviet yachting's most credible spokesman and most talented representative at the Olympics.

[From the New York Times, Sept. 17, 1972]

SOVIET HOCKEY GETS START IN KINDERGARTEN

(By John Nelson Washburn)

(On April 23 in the Sport Palace of the Central Sport Club of the Army (No. 39, Leningrad Prospect), starting at 1330 hours, recruitment will be conducted for the Central Sport Club of the Army's Hockey School for Children and Youth. Boys born in the years 1962–1966 will be received (and should bring with them their skates, sticks and birth certificate). A. Tarasov, A. Firsov and V. Brezhnev are conducting the recruitment.)

The Soviet goalie, Vladislav Tret'yak, proved to be a very fine hockey player during the Team Canada—USSR all-star hockey games in Canada earlier this month. Pravda, the Communist Party newspaper, modestly termed his performances "good;" the Canadian and American press rated them "sensational."

Tret'yek, 20 years of age, has a secret: He has some goalie proteges who are even younger, much younger. Their identities must be concealed for the time being, but they can be found at the Children and Youth's Sport School for Hockey operated by the Central Sport Club of the Army near the heart of Moscow at 30 Leningrad Prospect, where that boulevard meets Chapaev Lane.

For 17 of the 26 years since hockey was introduced to the U.S.S.R. on an official basis, the country's best hockey team has been the C.S.C.A. team. Five of the six Soviet defensemen who played at the world championships in Prague in April were members of the C.S.C.A. team: Tsygankov, Ragulin, Kuz'kin, Gusev and Lutchenko. They also play for the Soviet team in the first four games against Team Canada.

The Russians consider the youth school, necessary according to Anatolii Tasasov, director of the school, because the discovery of an excellent player cannot be trusted to luck.

"Today one must speak of scientific search for talented athletes and the art of the educator to spot a future athlete," he says.

For the last two years, Tarasov has been primarily responsible for entrance examinations to the school. Assisting him was Anatolii Firsov, the 31-year-old Army man who for many years has sparked U.S.S.R. Olympic, world, European and national champion teams. He led the C.S.C.A. team to its 17th national championship last spring.

Aiding Tarasov and Firsov was an Honored Master of Sport, Vladimir Brezhnev, a relative of the Communist party chief, Leonid Brezhner. For the 1971 entrance examination, this regular trio of examiners was joined by two C.S.C.A. team stars, Cladimir Vikulov and Aleksander Ragulin.

Vikulov, a 26-year-old forward, and Ragulin, a 31-year-old defenseman, were once pupils at the school and now serve there as instructors. But the most spectacular school alumnus is the goalie, Tret'yak.

He was so good as a pupil in 1968, when he was 16, that he made the C.S.C.A. team. But if Walter L. Bush, president of the Minnesota North Stars, does succeed with his plan to recruit Valerii Kharlamov under a $1 million contract, then that star forward may become the most famous alumnus.

GO AFTER THEM YOUNG

Judging by the text of a 12-line announcement printed in Sovetskii Sport on April 22, 1971, to qualify them for recruitment into the school a boy had to have been born in the years 1959 to 1964. But an announcement last April in that newspaper reflected a policy decision to attract even younger hockey prospects, those born in the years 1962 to 1966. Hopefuls in that age bracket were asked to prove their ages with birth certificates.

Whether prospects enter the school one year early or on the current schedule, the end result bodes ill for Soviet hockey opponents the world over in the years ahead.

In February, 1970, Arkadii Chernyshev senior coach of the Soviet all-state team, declared: "Never before have we had so much difficulty in forming an all-star hockey team, for this season we have so many new players worthy of a place on it."

Chernyshev's pleasant predicament will grow if the cycle of pupil-teacher development exemplified by Tret'yak continues to be effectively managed at the school. Moreover the Soviet Union may already have succeeded in laying the foundation for making Moscow the future hockey capital of the world.

[From the New York Times, Nov. 5, 1972]

THE 84-POUND SOVIET "SOLDIER"

(By John Nelson Washburn)

Sixty years ago, the United States amassed 128 points at the summer games in Stockholm. The Tsarist Russian Olympic team scored a mere 5.

Times have changed and the explosive rise of Soviet athletes cannot help but shape the attitudes of the United States Olympic Committee when it convenes tomorrow to select a new president. There are strong feelings that the head of the United States Olympic movement be a man committed to genuine awareness of the Soviet approach to Olympic competition.

Soviet adherence to Olympic principles at future games will naturally be influenced by the extent to which the United States remains aware of—and disinterested in—the military legerdemain or other questionable practices on behalf of Soviet Olympians.

A case in point: Olga Korbut, tiny gymnast from the Byelorussian Soviet Socialist Republic, undisputed darling of all spectators at the Munich Olympics as well as the clear favorite of television viewers throughout the world.

Strange as it may seem to her many American admirers, this talented girl from the city of Grodno on the Niemen River represents the Soviet Army. Olga Korbut has been so described by Sovietskii Sport of Aug. 22 in its five-line summary devoted to her as one of seven female members of the 1972 U.S.S.R. Olympic gymnastic team:

"Korbut Olga—master of sport of international class, year of birth 1955; Soviet Army (Grodno); champion of the U.S.S.R."

Any doubt as to Olga's military status was dispelled on Sept. 13 by Krasnaya Zvezda, central organ of the Ministry of Defense of the U.S.S.R. It listed Olga Korbut among Soviet Armed Forces representatives who won gold medals at the Olympics.

Known at home by her Byelorussian name "Volga," and to citizens of the Soviet Union as the girl who is "straight and slender as a birch tree," she is invariably called "Olga" by sports writers of the U.S.S.R., who use the diminutive form of her name to match her 84-pound, 59-inch frame.

During pre-Olympic competition as a 16-year-old, Olga won ovations from sympathetic Soviet crowds for her graceful acrobatics while placing third in the all-around individual in the U.S.S.R. national gymnastic championships at Kiev and winning that event in a major international meet at Riga.

LIKES MUNICH FANS

At Munich at 17, she earned three gold medals and one silver with her brilliant performances, especially on the balance beam and uneven parallel bars. She later confided to a Soviet sports writer that the attitude of Munich spectators toward her and the other Soviet female gymnasts pleased them, and they got the impression that their performances were being rated not by the judges but by the spectators.

Not surprisingly, Miss Korbut was hailed by the predominantly West German crowd at Munich and by television viewers in most nations of the world. However, back home in the Union of Soviet Socialist Republics, sports fans cheer Olga as a fine young athlete defending the colors of the Soviet Army.

To place Miss Korbut's Soviet Army status in proper perspective, a brief explanation is necessary. For years there have been many special Children's and Youth's Sport Schools in operation in the Soviet Union. More were added after the adoption in 1966 of still-classified Communist Party and Soviet Government decrees on measures for the further development of physical culture and sport.

According to Maj. Gen. Z. P. Firsov, writing in Sovetskii Sport in his capacity as Deputy Chairman of the Sport Committee of the Ministry of Defense of the U.S.S.R., Jan. 31, 1967:

"There had also been worked out measures for the creation within the Armed Forces of the U.S.S.R. of specialized children's and youth's sport schools. They will be opened in the Central Sport Club of the Army, in the Central Aquatic Sport Club of the Navy, and in the military sport clubs of Leningrad, Kiev, Minski, L'vov, Khabarovsk, Riga, Tashkent, Sevastopol, and other cities."

Evidently, General Firsov failed to mention specifically Olya's home town of Grodno. Moreover, an important athletic official, writing in the organ of the Ministry of Education of the Byelorussian SSR on Aug. 23, praised Olya for having successfully completed Secondary School No. 10 in Grodno, apparently an ordinary school with an instructor of physical culture by the name of G. V. Rakut.

Nevertheless, Olga has for at least a year been a star pupil in a school popularly known in the Byelorussian SSR as the "Grodno Gymnastic School of Renal'd Knysh."

Renal'd Ivanovich Knysh is Olga's gymnastics mentor. The innovative but demanding Knysh has made diligence the accepted norm at his school. He has gained the reputation of being the conscience of the young Byelorussian female gymnasts whom he has managed to recruit. Olga paid him tribute when, upon her return from Munich, she told a correspondent for the newspaper Sovetskaya Byelorussiya that her victories there were his as well as hers.

ONLY WOMAN SOVIET OLYMPIAN

Miss Korbut was the only Soviet Armed Forces representative on the distaff side of the U.S.S.R. Olympic gymnastic team. However, four of the seven male members were in the armed forces, three from Minsk and one from Moscow.

Naturally, the number of Soviet Armed Forces representatives on various 1972 U.S.S.R. Olympic teams varies considerably. For example, the men's basketball team had a relatively low percentage of military representative—three of 12, including the man who threw that "three-second" pass the length of the court.

On the other hand, six of the 11 members of the water polo team were not only military representatives but also members of the Central Aquatic Sport Club of the Navy. And, going back to Sapporo, the victorious 1972 U.S.S.R. Olympic ice hockey team claimed 13 of 20 members as military representatives.

One would be tempted to overlook this strong emphasis on the military in the training of Soviet Olympians, but for the fact that authoritative sources in the centrally organized, government-funded system of Soviet sports keep seeking to divert attention from this obviously prevalent phenomenon.

Such diversion characterized Pravda's editorial Sept. 17; in it, U.S.S.R. Olympians were congratulated for winning 50 gold medals, a postwar record for Olympic Games, but no mention was made of special Children's and Youth's Sport Schools or of the major role of the Soviet Armed Forces in preparing for, and successfully participating in internationaly Olympic competition.

One condition before permitting the 1980 Summer Olympic Games to be held in Moscow might be to require Soviet members of the International Olympic Committee to provide thier unenlightened colleagues from the West with at least enough information on Soviet Army-Navy Olympic proteges to enable us all to learn what military status, if any, the Olympic champion Olga Korbut and two-time champion Valentin Mankin will be enjoying while in Montreal in 1976.

[From the New York Times, Apr. 22, 1973]

BLOWING THE WHISTLE: NOW IS THE TIME FOR UNITED STATES TO CHARGE SOVIET PROS WITH TECHNICAL FOULS

(By Dr. J. Nelson Washburn)

Whatever the outcome of the series to be played by the visiting Soviet Olympic champion national basketball team and a group of American players, including some participants from the disputed games at Munich, there should be some unfinished business on the agenda of the United States Olympic Committee board of directors at the meeting here next Friday and Saturday.

Although the former president, Clifford H. Buck, was unsuccessful in his formal protest to reverse the result of the 51–50 game at Munich, the new president, Philip O. Krumm, is not precluded from undertaking another avenue to salvage the Olympic basketball gold medal for Americans.

The U.S.O.C. Board of Directors has long considered amateurism in terms of Olympic eligibility. The report on "Amateurism in The United States," presented to the board March 6, 1972, ran 11 pages.

Unfortunately, neither that report nor its sequel, submitted to the board July 7, 1972, contained a single word about amateur standing with respect to Olympic eligibility on behalf of Soviet athletes, including basketball players.

RULE IS DILUTED

Efforts to make Soviet Olympic basketball players disgorge their gold medals have been virtually ruined by backsliding exhibited by the International Olympic Committee more than two years ago. On March 14, 1971, the I.O.C. executive board approved unanimously Rule 26 on eligibility in a watered-down form, minus the one strongly worded paragraph it had contained that ruled ineligible for Olympic competition:

"Those who have capitalized in any way on their athletic fame or success, profited commercially therefrom or have accepted special inducements of any kind to participate, or those who have secured employment or promotion by reason of their sport performances rather than their ability, whether in commercial or industrial enterprises, the Armed Services or any branches of the Press, Theatre, Television, Cinema, Radio, or any other paid activity."

In this connection, the report in Krasnaya Zvezda, central organ of the Soviet Ministry of Defense, of the Moscow reception hosted by Minister of Defense Marshal Andrei Grechko last Oct. 10 is apropos. Honored guests were Soviet Olympians who were athletes of the armed forces, Marshal Grechko promoted 11 of these armed forces athletes "dosrochno," i.e. ahead of schedule. Two captains became majors; four senior lieutenants became captains; two junior lieutenants became lieutenants; two ensigns and a junior sergeant became junior lieutenants.

One of those promoted to lieutenant was Ivan Edeshko, whose court-length pass in the disputed final three seconds set up the winning basket by Aleksandr Belov at Munich.

Although the I.O.C. chose to extract the one tooth in Rule 26 on eligibility that applied to both 1972 Winter and Summer Olympics, the language of Rule 26 that remained was restrictive even essentially toothless. That language, printed in the "Participant's Declaration" signed by each and every participant in the Summer Olympics at Munich, stated:

". . . For national aggrandizement, governments occasionally adopt the same methods and give athletes positions in the Army, on the police force or in a government office. . . . Recipients of these special favors which are granted only because of athletic ability are not eligible to compete in the Olympic Games."

It will be difficult—but not impossible—to attribute to basketball skill a Soviet army career for Ivan Edeshko. The same goes for Sergei Belov, who contributed 20 points in the 51–50 victory over the Americans also was promoted last Oct. 10 from junior lieutenant to lieutenant. Nevertheless, Rule 26 still makes any national Olympic committee or national federation knowing of fraudulent "special favors" for individual members of its Olympic team responsible for such mischief, if proved. The rule also places the basketball team in jeopardy of disqualification and forfeiture of games won with its mischief-makers. On such substantial legal ground, the U.S.O.C. might still cast its traditional caution to the winds and undertake a legalistic protest.

In so doing, it could, with advantage, cite the unequivocal provision in the Act of Congress that incorporated the U.S.O.C. Sept. 21, 1950, the stated objective of seeking "to maintain the highest ideals of amateurism . . . particularly in connection with the Olympic Games. . . ."

The Krasnaya Zvezda account of the 11 promotions proudly declared that representatives of the armed forces of the U.S.S.R. had won 34 gold, 20 silver and 19 bronze medals of 107 gold, 46 silver and 50 bronze medals taken home from Munich by Soviet Olympians. About a dozen members of the United States armed forces competed in the Olympics but their programs were loosely organized.

Some observers believe that militarization of Olympic competition as practiced by the Soviet Union under Marshal Grechko has reached the point of becoming a mass phenomenon detrimental to the Olympic ethic. It may be appropriate, with both Ivan Edeshko and Sergei Belov on American soil, for the U.S.O.C. to blow the whistle on militarization of the Olympic movement and try to salvage the 1972 Olympic basketball title in the process.

[From the New York Times, May 14, 1973]

CINDERELLA IS DISCOVERED IN SOVIET TENNIS

(By John Nelson Washburn)

The fairy tale Cinderella is not unknown in the Soviet Union. And besides the stage version of Zolushka (Cinderella) playing regularly at Moscow's venerable Vakhtangov Theater in the 1972–1973 season there is at least in real-life Zolushka in the U.S.S.R. Her name is Evgeniya (Zhenya) Biryukova. Like the Vakhtangov's Zolushka, who is confronted with her stepmother's two daughters, Evgeniya has been overshadowed if not victimized by two female rivals. Their names are Olga Morozova and Marina Kroshina.

When the results of the 1972 U.S.S.R. tennis championships were published last September in Pravda and in Sovetskii Sport, a new Soviet women's champion appeared—20-year-old Evgeniya Biryukova, a native of Baku, capital of the Ajerbaidzhan Soviet Socialist Republic.

The home town newspaper, Bakinskii Rabochii, proudly noted Evgeniya's "Brilliant victory" in the final, Sovetskii Sport, in its account of her 6–3, 6–3 victory over an Estonian, Tiiu Parmas, seemed more impressed by Evgeniya's fine conquest of the defending women's champion, Olga Morozova, in the semifinals, 6–4, 6–2, praising her aggressive net-rushing tactics, court strategy and poise.

As for Pravda, its summary account reflected support for the dethroned Morozova by stressing her victory in the 1972 U.S.S.R. women's doubles and mixed doubles.

The official Soviet tennis rankings confirmed the fact that indeed "pervaya raketka" (the first racquet) among Soviet women for 1972 was Evgeniya Biryukova. The Tennis Federation of the U.S.S.R. in the discussion of the rankings, underscored the fact that Evgeniya Biryukova had literally leaped to fame and glory after being ranked No. 30 for 1969, No. 12 for 1970, and No. 4 for 1971.

She had wrested the coveted No. 1 ranking from Olga Morozova of Moscow, ranked No. 1 in the U.S.S.R. for 1969, 1970 and 1971. Moreover, in her leap upward, Evgeniya Biryukova had hurdled the third-ranking player of the U.S.S.R. for 1971 and the winner of the European women's tennis championship, Marina Kroshina of Alma-Ata.

Alas, when the time came for top Soviet women tennis players to venture abroad in March of 1973 for three American tennis tournaments, who should board Aeroflot's Flight 311 bound for New York but Olga Morozova and Marina Kroshina, escorted by Evgenii Korbut in his capacity as vice president of the Tennis Federation of the U.S.S.R.

Undoubtedly the high point of the tour for Morozova and Kroshina was their victory in the women's doubles at the United States national indoor championships held in Hingham, Mass. Sovetskii Sport reported that this was the first American national tennis championship ever won by Soviet players.

In its coverage of the tournament at Hingham, the Christian Science Monitor featured an article entitled "U.S.S.R.'s tennis princess," containing a photo of Olga Morozova, the 24-year-old Muscovite, who was said to have "No. 1 standing back home." Similar claims about Olga came in connection with subsequent tournaments in Akron and New York. Through repetition the untruth came to be accepted as an undisputed fact.

It should be noted also that, according to Krasnaya Zvezda of Feb. 1, 1970, the relationship of Evgenii Korbut to Olga Morozova was actually one of a Major of Engineers in the Soviet Armed Forces to an employe of the Soviet Army, and one of leader and senior coach of the tennis team of the Central Sport Club of the Army in Moscow to a team member. Muscovite military kinship apparently ruled out any mention to Americans of the existence of an unassuming Cinderella of Soviet tennis in the person of Evgeniya Biryukova, representing the minor "Stormy Petrel" sports club in the unimportant city of Baku.

For purposes of reference in the absence of any such listings currently available, the top 10 Soviet women and men tennis players for 1972, with their club affiliations, are:

WOMEN

1. E. Biryukova, Baku Stormy Petrel Club.
2. O. Morozova, Central Sport Club of the Army.
3. M. Kroshina, Alma-Ata Locomotive Club.
4. A. Eremoeva, Leningrad Dynamo Club.
5. A. Dmitrievna, Moscow Dynamo Club.
6. M. Chuvyrina, Moscow Dynamo Club.
7. E. Granaturova, Central Sport Club of the Army.
8. T. Parmas, Tallin Dynamo Club.
9. A. Ivanova, Tbilisi Gantiadi Club.
10. L. Karpova, Alma-Ata Locomotive Club.

MEN

1. A. Metreveli, Tbilisi Dynamo Club.
2. T. Kakuliya, Tbilisi Dynamo Club.
3. V. Korotkov, Central Sport Club of the Army.
4. Sh. Tarpishchev, Central Sport Club of the Army.
5. A. Volkov, Central Sport Club of the Army.
6. T. Leius, Tallin Dynamo Club.
7. A. Ivanov, Leningrad Sport Club of the Army.
8. P. Lamp, Soviet Army (Tallin).
9. S. Likhachev, Baku Oilers Club.
10. V. Egorov, Central Sport Club of the Army

[From the New York Times, June 17, 1973]

GYMNASTICS OVER POLITICS: WHILE OLGA BASKS IN THE LIMELIGHT SOVIET PRODIGIES ARE CATCHING UP

(By John Nelson Washburn)

What a trolka it might have been: burly Leonid, dour Andrei and lovable Olga.

But apparently the Communist Party chief, Leonid I. Brezhnev, and Soviet Foreign Minister Andrei Gromyko picked their high-powered delegation for summit talks with President Nixon beginning tomorrow at the White House, without regard to the subtleties of public relations in connection with the forthcoming signing of an expanded bilateral cultural and sports agreement, or with any thought of rewarding Olga Korbut.

Only last month, Olga played an important role through gymnastics exhibitions at Dortmund, West Germany, and on national West German television in supporting her leader as he shared with Chancellor Willy Brandt the world spotlight in Bonn.

As the Soviet leaders go their way, 18-year-old Olga basks in the limelight of a foreign tour that has proved more successful than her two-week American visit in March. Though the meeting with Prime Minister Edward Heath on May 7 probably matched the warm reception accorded her and her Soviet gymnast teammates at the White House, a great new display involving four gymnastics exhibitions at Earls Court in London before sellout crowds engendered unparalleled accolades.

NEWSPAPERS WRITE RAVES

Epitomizing Olga's drawing power and magic, The Times of London wrote: "Olga Korbut, elfin Russian gymnast, enchants with her skill."

Moscow's Pravda also played up the fabulous impact of Olga and her gymnastic troupe: "They captivated their audiences."

But Pravda seemed to be misleading its readers at home and abroad with the statement that Olga alone could execute some of the fancy work she had demonstrated in London—the fantastic back somersault on the balance beam, for example. The evidence shows there are others where Olga came from. Doing what Olga does.

According to Sovetsky Sport's account of a U.S.S.R.-Japan dual gymnastics meet in Leningrad on April 11 and 12, the winner of the women's all-round title was a 15-year-old girl named Nellie Kim, from Chimkent on the southern border of Kazakh in Russia.

In the words of this journal, Miss Kim, evidently of Korean extraction had "put Chimkent on the gymnastics map" by her victory. In its appraisal of her repertory, Sovetsky Sport called attention to Miss Kim's version of the Korbut back somersault, coming not at the end, but in the middle of her fancy routine. Nellie Kim was praised as a girl gymnast "without nerves."

VARIANT OF OLGA'S LOOP

In addition, Soviet sports writers witnessed Lyubov Bogdanova of Moscow—in the absence of Olga Korbut—produce "a modernized variant" of the Korbut loop of the uneven parallel bars, a feat that Lyubov first demonstrated last November in a U.S.S.R.-Rumania meet.

Expressing shock that in only three years the trademarks of Olga's coach, Renald Knysh, had been compromised the Soviet writers nevertheless concluded that the achievements of young gymnasts like Nellie Kim and Lyubov Bogdanova were positive, not negative, phenomena. They had come, it was figured, because other coaches were not resting on their laurels, but were stimulating further innovative searching in the field of gymnastics.

It must be remembered, however, that although Olga Korbut burst upon the Western World at the 1972 Olympic Games in Munich, she had made a smashing gymnastics debut in several competitions in the U.S.S.R. as early as 1969.

BRILLIANT BACK SOMERSAULT

The major one was the XIV Spartakiade of the Soviet armed forces. There, as a 14-year-old with special permission to perform but not compete, tiny Olga performed a brilliant back somersault on the balance beam, making the sports page of Krasnaya Zvezda.

But, amazingly, Olga is not unique. As the youngest entry in that U.S.S.R.-Japan meet on Nov. 1, 1969, in which she won the women's all-round title, almost 3½ years later in the same place (Leningrad) and against the same country, Nellie Kim accomplished the same feat.

Although it is best to leave unidentified the many 12-year-old girls who are training assiduously in the Soviet to catch and overtake Olga and Nellie, an exception must be made in the case of the most promising young star of the 1973 Byelorussian junior gymnastics championships. The name she bears is understandably dear to all Russians: Tatyana Larina, the heroine of Pushkin's classic novel in verse, "Eugene Onegin."

[From the New York Times, July 29, 1973]

MOSCOW PLANNING FESTIVE TREAT FOR WORLD UNIVERSITY GAMES

(By John Nelson Washburn)

The 1973 World University Games are getting a tremendous * * * press as the Aug. 15 opening day ceremonies approach. Moscow sports writers are referring to the Games as "little Olympics." They cite the 4,400 top-flight competitors representing 70 countries who plan to participate in basketball, fencing, gymnastics, swimming and diving, tennis, track and field, volleyball, water polo and wrestling (classical and free-style). Invitations have gone out to 12 International Olympic Committee members, including I.O.C. President Lord Killanin.

Only students from 17 to 28 years of age, who were studying in institutions of higher learning in 1973 or had completed a course of study there in 1972, are eligible.

Extensive preparations to transform the Games into a grandiose festival devoted to peace and friendship have been under way for weeks. The accent is on traditional Russian hospitality, with little regard to cost. The newspaper Sovetskii Sport continues to underscore the need to do everything "at the very highest level."

The Muscovite hosts hope to win so many friends among competitors, guests and the more than 400 foreign journalists accredited to cover the Games, that Moscow cannot help but be chosen by the I.O.C. in 1974 as the site of the 1980 Olympic Games.

The 1973 World University Games in Moscow are the seventh held under the auspices of the International University Sports Federation (F.I.S.U.). Although the Russians competed in only five of the first six, they have won 89 gold medals, more than any other country.

The United States made its first appearance in 1965 in Budapest, where the fourth Games were held. The United States Collegiate Sports Council is in charge of American participation in Moscow Aug. 15 through 25.

The Americans may well be outclassed this year. In women's gymnastics, for example, the Soviet Union will be big favorites. In point competition, Aug. 16 through 19, in Moscow's Palace of Sport, the Soviets will be represented by Olympians. Listed on the Soviet women's gymnastic team are Lyubov Burda and Elvira Saadi and either Olga Korbut or Lyudmila Turishcheva, if not both. Miss Turishcheva, who made a series of spectacular performances while touring Brazil in May, 1973, was named as a Soviet competitor in the World University Games on July 19, after Miss Korbut's scheduled appearance in Moscow was jeopardized by the International Gymnastics Federation. The Federation's proposed rule banning Olga's gymnastic feats as too dangerous obviously has Soviet Government sports officials worried. But the strong reaction backing Olga and her coach, Renald Knysh, published July 15 in Sovetskii Sport, may mean that Olga's show will go as scheduled.

Olga under Knysh's tutelage, has been practicing a special routine including what Olga calls "several completely new elements unknown to anybody." It is reported that if Olga does compete in the Games in Moscow, she will not wear Soviet Army colors, but those of Grodno Pedagogical Institute, where she is enrolled as a freshman.

While gymnastics should steal the show in athletic competition on the distaff side at the University Games, basketball should attract the most attention in the men's events. Confronting the United States quintet, scheduled Aug. 16 through 24, will be the best Soviet players available. They will be tuning up for the 1973 European championships taking place soon thereafter. Besides strong Cuban and Yugoslav teams, there are entries representing Italy, Czechoslovakia and Bulgaria.

The basketball games will be refereed by arbiters from 33 countries. Approximately 1200 of the 1400 assigned to officiating duty at the World University Games will be Soviet citizens handpicked for the jobs involved.

ENERGY: CONTINUE CONSERVATION

Mr. HARRY F. BYRD, Jr. Mr. President, the lifting of the embargo against the United States by the major oil-producing nations should not be interpreted as a signal for a return to the wasteful energy consumption patterns of the past.

I think it is essential that America's citizens, industry and Government continue the kind of effort which during the past several months so dramatically reduced our use of scarce fuels. If we are to avoid a return to the gasoline lines of last winter and assure ourselves of adequate fuel to keep the economy healthy, then we must go on conserving.

In carrying out our conservation plans, and in framing long-range policy to assure sufficient energy for the future, it is essential that policy makers have available the key facts. This applies with particular force to data about petroleum supplies.

It is astonishing that the Government has lacked independently verifiable statistics to provide a foundation for energy policy.

This is not to say that a whole new battery of taxes, or extensive Government regulations, will necessarily provide an equitable solution for the energy dilemma. It is my hope that market forces will provide most of the solution, but Government action must be considered where serious inequities or dangerous shortages would otherwise result.

One area in which I think Government action probably will be appropriate is the reduction or elimination of certain credits against U.S. taxes for sums paid by the oil companies to foreign governments. In view of the dramatic increase in charges imposed by the oil-producing nations, I am concerned about the extent to which such charges should be allowed as credits against U.S. tax on other income.

I think it is important, too, for the Government to look carefully at the petroleum export situation. I recognize that trade patterns are complicated, but we cannot allow U.S. exports to result in any substantial net loss of scarce domestic energy resources.

In every area, the Government must establish the facts. Unless this is done, the national energy program will not have—or deserve—the confidence of the people.

Today, the people are asking a lot of questions—and rightly so. They want to know how the energy problem was allowed to become so critical, and what is going to be done about it.

How did the energy crisis come about?

I think the basic explanation is quite simple.

Today the United States has a trillion-dollar economy. That means that the gross national product—the sum of all our goods and services—is valued at more than a thousand billion dollars a year.

We first reached a trillion-dollar economy in 1971.

Just 10 years earlier—in 1961—the gross national product was a half-trillion dollars.

Think what that means: it took 185 years of American history to reach the half-trillion-dollar level, but it took only 10 years to get the other half-trillion.

What has happened to our energy re-

sources during these years of phenomenal growth? Naturally, they have been seriously depleted.

Let us be frank about this rapid depletion of national energy resources: neither Washington nor the private sector has been very farsighted about this situation. There has been a lot of wishful thinking about the extent and availability of resources, and not much planning or action.

It is not that we were without prophetic voices of warning. Back in 1959—15 years ago—Senator JENNINGS RANDOLPH, of West Virginia, introduced a resolution to establish a joint committee on a national fuels policy. And there have been numerous, more recent warnings of problems lying ahead in the energy field.

But action was long in coming. I gave early support to construction of the Alaska pipeline, and I find it astonishing that as late as last July this legislation—so important to development of domestic resources—passed the Senate by just one vote.

Nothing will be accomplished, however, by looking backward. We must take constructive action.

In the short run, the emphasis must be on conservation and allocation of resources.

Everyone regrets the necessity for the conservation and allocation programs. Long experience with Government programs of this kind indicates that despite the best efforts of all concerned, the regulations may not be fair to everyone.

One of the most important provisions that must be included in any energy program is protection against undue economic damage or dislocation. It is absolutely essential that we keep American workers on the job and American goods on the market.

Moreover, those administering energy programs must guard against any tendency to impose unfair burdens upon any single sector of the economy.

Travel is a good example. There is bound to be some reduction in travel, but it is important to remember that a man or woman out of work in the travel industry is just as much unemployed as a factory worker who is laid off.

Another important example is agriculture and industries related to agriculture. Fuel supplies adequate to sustain this vital sector of the economy are absolutely essential.

In framing our energy strategy, we must take a hard look at environmental constraints. I favor easing of automobile emission standards, for the time being, to give an opportunity for development of better technology as well as to conserve fuel in the short run.

I also support temporary easing of stringent sulfur emission standards in the burning of coal and a close examination of other standards that may hamper the struggle to conserve energy resources.

None of this represents an abandonment of the goal of cleaner water and air. It is simply a recognition that technology has not yet caught up with the demand for pollution control equipment and measures that will improve the environment without imposing unacceptable penalties in energy consumption.

Another point which I feel must be kept in mind in dealing with the energy crisis is the need for Government to set an example. Wasteful consumption of energy by the Government, in these difficult times, cannot be tolerated.

I might note that I joined in sponsoring legislation to require a reduction in fuel consumption by the Department of Defense, the biggest user in the Government, and that I voted in favor of a provision to ban shipments of critically short petroleum supplies to Southeast Asia.

Of all the actions we have taken and will be taking in the near future, I think the most important are the ones aimed at achieving the greatest possible degree of independence of unreliable foreign countries.

I list among such actions the approval of the Alaska pipeline.

Another important step toward energy independence was the Senate's approval of legislation to foster research and development in the energy field.

In many respects, coal may prove to be the key to the future. It is our most abundant fuel, and I think it is vital that we move ahead with efforts to mine it and burn it in ways that are safer and cleaner than those now available. I hope there will be major efforts in the field of coal liquefaction and coal gasification.

In the long run, I think one of the most attractive possibilities is solar energy. I understand that it is not yet practical for large-scale usage, but I believe that a maximum effort should be made to develop ways to harness and store the power of the Sun. Alone among energy sources, it is limitless and without adverse environmental effects.

Nuclear energy is being thoroughly explored. It may well be that nuclear power will "bridge the gap," so to speak, between our reliance on fossil fuels and the energy sources of the future—such as solar and geothermal energy.

I think we must insist, however, that major efforts be devoted to making nuclear energy safe—and that includes dealing realistically with the problem of radioactive wastes. The larger the scale on which we are obliged to use nuclear energy, the greater the problems that will be associated with its use.

A whole host of other possible resources—from oil in shale and tar sands all the way to harnessing the power of the tides—must be given consideration and study.

We will find the answers to our energy problems only if we explore every avenue.

NATIONAL HOUSING CONFERENCE LEGISLATIVE PROGRAM

Mr. HUMPHREY. Mr. President, the National Housing Conference is the oldest national public interest organization devoted to achieving better housing and living environments for all of our citizens. Over the years, the conference has been a major force in effectively representing the public interest, and one of the most significant contributions of the conference is its legislative report.

I need not remind my colleagues that our current housing and community development programs are in shambles due to the termination and suspension of most major programs.

I have reviewed the conference's legislative report which sets forth a comprehensive and sensible legislative program. Much of what the conference calls for in this report was adopted in the bill passed by the Senate (S. 3066) under the able leadership of our distinguished colleague, JOHN SPARKMAN, chairman of the Committee on Banking, Housing and Urban Affairs.

Mr. President, I ask unanimous consent that the report, "National Housing Conference Resolutions Adopted by the NHC Membership at its annual meeting in Washington, D. C., March 3, 1974," be printed in the RECORD.

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

NATIONAL HOUSING CONFERENCE RESOLUTIONS ADOPTED BY THE NHC MEMBERSHIP AT ITS ANNUAL MEETING IN WASHINGTON, D.C., MARCH 3, 1974

(By James H. Scheuer, President)

1. INTRODUCTION

When the Housing and Community Development programs were suspended in January 1973, the Administration promised better programs that would enable us to get on with the job. In the meantime, it has conducted a massive "evaluation" of 40 years of housing programs.

But this is all we have after more than a year—a self-serving justification of the freeze, long after the fact; no more than a renewed promise of better programs; a slight thawing of the freeze with a continuation of the moratorium and most of the impoundments of funds for housing and community development; and a clear signal that what the Administration had in mind all along was to get the Federal government out of any effective programs for housing assistance.

The only subsidized housing program in the President's budget for FY 1975 is a new leasing program to serve those of low incomes. This consists of 225,000 units of new construction and 75,000 units of existing housing. This is in addition to the 130,000 units earmarked in FY 1974 for this program, with 80,000 of the units intended for new construction and 50,000 for existing housing. However, this program will not be workable or effective in the form in which it has been offered. As proposed, it represents only another promise of housing which will not be fulfilled unless it is modified to make it attractive and acceptable to developers and owners.

Meanwhile the disastrous effects of the moratorium continue, the housing problems increase, the backlog of need continues to grow, and our capability to provide decent housing is rapidly diminishing.

We have seen only the beginning of the effects of the slow-down. We predicted a recession by the middle of this year if our existing programs were not reinstated. They were not reinstated and impoundments continue in housing and community development. The energy shortage is having a further depressing effect on the economy and employment. With the oncoming recession and increase in unemployment and infla-

tion, the Government should take affirmative action to increase production in federally assisted and other housing programs to meet urgent needs.

With the passage of time, we will find that as housing continues to deteriorate and is taken off the market, as our population grows, as costs of housing production continue to increase along with other costs, more and more people in the nation will require some assistance to be able to live in decent housing.

In February the Commerce Department reported that housing was started at a seasonally adjusted annual rate of 1,486,000 units in January. This is nearly 1,000,000 units below the 2,472,000 rate of the same month in 1973. The rate of HUD-assisted housing starts in FY 1974 is optimistically estimated in the HUD budget at 187,400 units. This is 151,000 units less than the assisted housing units started in FY 1972—the last full year before the impoundments and suspensions of assisted programs.

As to FY 1975, the Budget projects HUD-assisted housing starts of 285,000 units, but this is based upon the assumption that the new leasing program will work. In the form in which that program is proposed, it is not workable. So we believe the number of assisted starts in FY 1975 will be only about 100,000 units—which would be 238,000 units less than the assisted housing units started in FY 1972. This is what will happen unless necessary modifications are made in the leasing program and unless our recommended additional authorizations and releases of impounded funds are made for low and moderate income housing.

We are losing housing and we are losing jobs. We do not believe that this nation can afford to face the full impact of program suspension until 1975 when the Administration's promise for "better" programs may be met. And we are not just discussing those people at the poverty level who need housing. We are talking about our growing number of moderate income families—about half of our nation's families—who cannot be served by the private market alone. We are talking about the contractors and builders, workers and suppliers who are facing economic disaster due to the cut-back. As their number increases, it will be more and more difficult for them to absorb the rhetoric that if you can't serve all, serve none!

While the President's budget for FY 1975 is the largest in history and while there is a requested increase in appropriations for HUD programs of $1.6 billion over the appropriations for FY 1974, the actual effect of housing and community development programs will be grossly inadequate to meet the needs.

In the case of housing, the only HUD-proposed program which would serve those of low income would be the new Section 23 leasing program. However, as proposed, we have a promise of this housing which we believe will not be fulfilled.

There is no housing funding proposed in FY 1975 for those of moderate incomes. Moreover, the impoundments are continued of $293 million of contract authority for the programs under Section 235, 236 and rent supplements. Thus in FY 1975, there are no additional authorizations proposed for these programs nor any further releases of these impounded funds. The budget continues to reflect the Administration's decision announced a year ago to terminate all federally assisted housing efforts, except a revised leased housing program financed through public housing which is unworkable in the form proposed. In consequence, there is no workable program proposed to meet the housing needs of low and moderate income families.

In the 1968 Housing Act, Congress recognized the urgency of meeting this need when it declared that the highest priority and emphasis should be given to meeting the housing needs of those families for which the national goal has not become a reality. The price our nation pays in depriving our people of decent housing and jobs is too high in relation to the proposed elimination of any workable programs of housing assistance.

For the fourth successive year, the proposed budget sets forth the Administration's support for legislation which would consolidate HUD's major community development categorical grants into a single community development block grant which the President calls "The Better Communities Act". For the third successive year, the budget proposes an initial funding level of $2.3 billion for this community development block grant which is projected to begin July 1, 1974.

Not only has there been no increase in the amount requested by the President for such block grants to reflect the impact of inflation and greater needs, but the budget confirms the Administration's decision to continue the impoundment of over $900 million funds previously appropriated for urban renewal, model cities, water and sewer, rehabilitation loans, open space and public facility loans. This includes an impoundment in FY 1975 of $277.5 million of the $600 million appropriated for urban renewal and no expenditures for urban renewal in that fiscal year and expenditures in FY 1974 at a funding level about 80% below the amounts available in FY 1973 and FY 1972. As to new impoundments in the budget for FY 1975, the Administration has substituted the term "reserves" for impoundments, such as the $3 billion "reserves" of funds for construction grants for water pollution control.

The Administration is continuing its pattern of stopping the flow of categorical grants before compensatory block grants are even approved or ready for distribution. This is a disastrous manner of handling the transition to the new block grant system by continuing to impound necessary funds and by failing to provide necessary additional appropriations for categorical community development programs. The viability of cities is jeopardized by such actions. This is too great a price to pay. The impoundments should be released and additional funding should be provided for categorical assistance for community development.

For most of the categorical grant programs for community development, there have been no funds available during FY 1974, except for very limited funding for urban renewal and model cities. For the programs that would be consolidated under the community development program, we recommend categorical funding for FY 1974 which would equal a total of $3.7 billion. This is in addition to the block grants for the consolidated community development program which would commence in FY 1975. Such funding is necessary as a matter of equity and fairness to local governments. They should not be short changed through the loss of categorical funding during FY 1974.

2. BRIEF SUMMARY

The National Housing Conference urges Congress to reverse promptly (a) the Administration's actions to abolish the federal role in assisted housing—except for an unworkable leased housing program—and the Adminstration's plan to continue impoundments of $293 million of contract authority for federally assisted housing; and (b) the Administration's termination of any further funding for existing community development categorical grants and continuance of the impoundment of over $900 million of funds for these programs, even before a new block grant program is authorized and operative. We believe that the impoundment actions will ultimately be reversed by the courts, but meanwhile the nation is being deprived of urgently needed programs.

Judge Richey of the United States District Court in Washington, D.C. has ruled that the President did not have the constitutional power to make the impoundments of contract authority for federally assisted housing and this decision is now on appeal. There have been more than 30 court decisions that have ruled that other impoundment actions of the Administration are illegal. Of course, we still hope that the Administration will release the impounded funds and contract authority, particularly with the urgent need to stimulate the economy and provide employment to offset the oncoming recession.

In summary, we recommend that Congress:

1. Enact immediately the proposed Emergency Mortgage Credit Act (S. 2735) which would reactivate through FY 1975 the housing and community development programs suspended by the Administration and provide urgently needed relief for the entire housing industry from the mortgage credit crunch. A separate Resolution was unanimously adopted by the Board of Directors and Membership that "in order to insure the continuity of vital housing and community development programs, NHC strongly urges the immediate passage of the Emergency Mortgage Credit Act of 1973 by the Congress without awaiting the enactment of the omnibus housing and community development legislation."

2. Enact the pending comprehensive legislation, S. 3066, which broadens and improves the current housing legislation and provides for an orderly transition from existing programs. The Senate Banking and Currency Committee has approved the Housing and Community Development Bill of 1974, S. 3066, which embodies the substance of S. 2182 and S. 1744, with the amendments adopted by the Committee. We support the actions taken by the Committee to revise the program proposed in the Administration's budget in order to achieve a more balanced housing program. Through additional authorizations and the use of carry over authority (impoundments), S. 3066 would authorize the following housing assistance programs:

(a) $120 million of additional contract authority for FY 1976 for home ownership assistance, plus the release of $220 million of contract authority which would be released from impoundment;

(b) $180 million of additional contract authority for FY 1975 and $200 million for FY 1976 for rental and cooperative housing under Section 502 to supplement the $52 million of contract authority which would be released from impoundment;

(c) $175 million of contract authority for FY 1975 and $190 million for FY 1976 for public housing traditional;

(d) $440 million of contract authority for FY 1975 and a like amount for FY 1976 for new leasing housing program;

(e) on rural housing for farm labor housing, self-help housing, and improvements, a total of $60 million for FY 1975 and a like amount for FY 1976;

(f) for the new consolidated community development, $2.8 billion for FY 1975 and $3.3 billion for FY 1976, but the amount for FY 1975 would be reduced by the use of currently available appropriations and contract authority of $530 million.

(g) urban renewal for FY 1975, $300 million of which there is currently available an estimated $281 million in contract authority.

For the foregoing and other programs, the

total new authorization in S. 3066 would be $9.048 billion over a two-year period for FY 1975 and FY 1976, with authority to use an estimated $830 million now available. This would reduce the actual total of new authorizations to $8.2 billion.

There is also an increase in the annual limit to $500 million for operating subsidies in public housing.

We hope that the authorizations in the Senate bill—*if* fully funded and used—would enable the achievement of an annual rate of assisted housing starts during FY 1975 and FY 1976 which would approximate the 338,000 assisted units started in FY 1972.

The foregoing provisions in S. 3066 provide an additional authorization for traditional public housing which will produce low-income housing that is urgently needed. It will also help meet the crisis which is faced by local housing authorities who are threatened through the lack of any ongoing programs for them. These local institutions have experienced staffs with expertise which we cannot afford to lose.

We commend particularly the provisions in the Senate bill to encourage an economic mix in assisted housing and to meet increased operating costs, and in the House bill to incorporate consumer protections. We also support the closer coordination of housing programs with community development programs and with area and local housing plans.

Meanwhile, the House Subcommittee on Housing is in the markup stage on its housing and community bill, H.R. 10036. We urge deletion from the House bill of the proposed housing assistance block grants and authorizations of various forms of housing assistance programs to be determined by the localities, which are undesirable and unworkable.

3. Enact the pending community development legislation (S. 3066 and H.R. 10036) which would consolidate and improve the present categorical grant programs. We recommend the continuance of categorical grants during FY 1974 in the amount of $3.7 billion. This includes $1.5 billion for the completion and continuance of the present urban renewal and neighborhood development programs under the existing categorical grant system. It is not possible for local governments to function effectively without these categorical funds during FY 1974 in addition to the block grants to commence in FY 1975.

4. Reject the Administration's Better Communities Bill (H.R. 7277) which would surrender to the localities the allocation of Federal funds without regard to national goals of community development. Instead, we or any overall plan dealing with all aspects support the community development provisions in S. 3066 and H.R. 10036.

5. Enact the rural housing provisions in S. 3066 to improve the present FmHA programs and establish a system of low-income housing delivery in rural areas. There is also a pending rural housing bill in the House, H.R. 10902, which contains similar programs which we support.

6. Reject the Administration's request to authorize expansion of the experimental housing allowance programs until we get the benefit of the experience with the present experimental program. We agree that any evaluation of housing allowances must await the results of the present experimental program. We urge the Administration, however, to include explorations to determine whether Federal housing allowances will stimulate necessary additional production of housing for those assisted.

7. Reject the Administration's proposed legislation for a limited housing program of new construction at special low rents—which is described in Section 10 at page 31—as inadequate and unworkable.

8. Reject Secretary Lynn's proposal to abandon the 10-year housing goal, established in 1968, for the production of 26 million dwelling units—6 million for low and moderate income families—through new construction and rehabilitation. Housing is a problem of both production and family incomes.

The National Housing Conference calls upon the Administration to modify its recently announced program in order to make them workable and effective, as follows:

1. The proposed new Section 23 leasing program should be modified to provide an inducement and incentive to potential developers or owners to participate in the program through the following amendments in the proposed program:

a. Provide tandem financing at par for the purchase of HUD-insured mortgages on such projects.

b. Eliminate the priority to applications involving Section 23 assistance for 20% or less of the units. Such assistance should be available to all of the units in a project under procedures where the owner would seek to assure, insofar as practicable, that there is a reasonable range in the low income levels of those assisted.

c. Eliminate the requirement that the owner assume the loss of vacancies.

d. Add Section 221(d)(3) and 213 financing to the types of HUD-insured financing for projects to be assisted under Section 23; also, add financing under Section 515 of the Housing Act of 1949 administrated by the Farmers Home Administration.

e. Tie the Section 23 subsidies largely to additional housing production rather than any substantial amount of existing housing.

f. Permit the owner of newly constructed units assisted under Section 23 to work out a mutually acceptable program for the local housing authority to handle management.

2. With the oncoming recession and increase in unemployment and inflation, the Administration has taken some actions to stimulate housing production but they are not adequate or effective. The reduction in the FHA interest rate from 8½% to 8¼% amounts to a saving of $6 a month by reducing total monthly housing costs on a $33,000 house from $374 to $368, which most people cannot afford. HUD should lead the market in making further reductions in the interest rate as a result of further reductions which have already occurred in the financing market. At the present time the 8¼% mortgages are selling close to par. The time has come for HUD to reduce the 8¼% interest rate to 7¾%. This would result in a further saving of $12 in the monthly housing costs in the example cited.

3. The Administration has approved a tandem plan for GNMA to purchase HUD-insured mortgages—at an interest rate of 7¾% and a price of 96—to assist in the construction of 200,000 housing units. It is necessary to reduce this rate to 7% to reach more of the people who have been priced out of the market at today's high interest rates and high housing costs, together with other increases in the cost of living. The Labor Department reports that in January of 1974 consumer prices were 9.4% higher than they were a year ago and that during that period the average worker's purchasing power had declined 4%.

The President's budget for FY 1975 reflects authority for capital improvements in public housing of $235 million in FY 1974 and again in FY 1975 under a reinstated Modernization Program. This program is long overdue to correct the obsolescence and provide necessary repairs and replacements to have public housing.

The President's budget also shows an increase in operating subsidy funds from $350 million to $400 million for FY 1975. We recommend annual appropriations of $500 million for such operating subsidies.

Additional housing production and rehabilitation can be utilized as a means of promoting energy conservation. New or rehabilitated housing can approximately include such energy saving measures as: more insulation; the use of double or triple glazed windows; storm doors and windows; weather stripping and winterizing; the use of better designed heating systems; techniques to reutilize waste heat that is generated in the home; and, when it is determined to be feasible after a HUD-assisted pilot program, the greater use of solar energy.

We support programs which will achieve a reduction in prices on fuel oil to a more reasonable level. Increased prices of heating oil—by more than 300% in the Northeast—have created a serious problem in housing projects generally. In public housing, this will require increases in operating subsidies due to the limited income available from the projects.

These and other recommendations and the reasons for them are explained in greater detail on the following pages.

3. FURTHER STUDIES ARE RECOMMENDED BY THE PRESIDENT

The sad fact is that after six and one-half months of intensive study at HUD, the Administration did not recommend any housing program to meet the needs of the millions of families who cannot afford decent housing, including those who have recently been priced out of the market. Instead, the President called for further studies aimed at reaching a final decision "late in 1974 or early in 1975" concerning a program of cash housing allowances.

4. WHETHER CASH HOUSING ALLOWANCES ARE PRACTICAL

The message contains a theoretical discussion of the advantages claimed for a program of cash assistance to help the poor get better housing. However, it says that more studies are needed to determine whether that program can be put into practical operation—starting with the elderly poor and maybe only the poor who are on welfare. The message says that we must await the outcome of the housing allowance experiments to evaluate the possibility of further efforts. The Administration requests legislation to authorize an expansion of the Experimental Housing Allowance Programs to determine the practicability of such programs.

S. 3066 would direct the Secretary to undertake, on a pilot basis, programs of cash assistance for rental or homeownership expense so as to determine the feasibility of a policy of direct cash assistance. It would direct the Secretary, in carrying out these responsibilities, to develop specified data and analyses, such as the cost of an eligible beneficiaries under a full-scale program; the impact of housing allowances on the welfare of low- and moderate-income families and on the cost of housing in varying housing markets; and necessary safeguards regarding the quality and price of housing and the preservation, maintenance and improvement of the housing stock. Within eighteen months after enactment, the Secretary would be required to report to the Congress his findings, together with any appropriate legislative recommendations.

We recommend against an extensive program of housing allowances until we get the benefit of the experience under the present experimental program to determine the practicability and effectiveness of housing allowances. Also, there should be an exploration of alternative methods of stimulating

production of housing for those of low and moderate incomes. We urge that the present experimental program involve explorations to determine whether federal housing allowances will add to the inadequate supply of standard housing. The experience with housing allowances in other countries shows they have been unable, through an allowance system, to stimulate necessary additional production of housing for those who are assisted. That is why we support the other housing programs in S. 3066 and H.R. 10036—with necessary amendments as we propose below—where the subsidies are properly tied to the additional housing production and rehabilitation which is required.

We are also concerned about federal housing allowances inflating housing charges by creating competition for a limited supply of housing. Moreover, if people assisted by cash allowances are largely restricted to the existing supply of housing, they are likely to continue to live in slums and insanitary housing. The Administration has not proposed an adequate program of quality control to assure that the housing would be suitable for habitation by those who receive cash assistance. In the experiments on housing allowances, we recommend the following actions and protections in an effort to achieve the best results and determine the extent to which the program can work effectively in areas which do not have a shortage of housing.

(a) An occupancy permit should be required on all housing units, with an inspection before and after occupancy.

(c) There should be careful screening of the tenants.

(c) There should be requirements as to tenant responsibility which will help protect the property and the owner.

(d) There should be a determination that the rent is fair and reasonable.

There has been a great deal of experience with housing allowances in welfare and relocation programs. The results show that such housing allowances have not produced more and better housing. On the contrary, the housing allowance payments have subsidized and perpetuated substandard housing. As a practical matter, this cannot be corrected because there has never been enough staff in welfare departments to check and assure that housing occupied by allowance recipients meets adequate standards.

5. SECRETARY SAYS THERE IS NO HOUSING PROBLEM FOR THOSE OF LOW INCOME—ONLY AN INCOME PROBLEM

In his testimony before Congressional committees, Secretary Lynn made his views clear that housing for those of low incomes does not really involve a housing problem at all. He says it is merely an income problem. His proposed solution is to increase people's incomes by providing them with cash assistance or increasing welfare payments.

With such a view, the Secretary concludes that we should not have a goal that, within ten years following the Housing Act of 1968, we should construct or rehabilitate 26 million housing units—6 million of which would be for low and moderate income families. Instead the Administration proposes that the goal of a decent home and suitable living environment should be achieved through the maximum use of the existing housing stock and that the statutory reference to a 10-year period should be repealed. The practical effect would be to eliminate the production goals, including 6 million additional housing units over a 10-year period to serve persons of low and moderate incomes—which is a minimum goal as stated in our Resolutions last year.

We completely and vigorously disagree with this view. Merely giving people additional income will not assure their ability to get decent housing at a fair price. In most areas of the country, the housing supply is constricted so that giving more money to prospective tenants and buyers will increase market prices; it will *not* result in adding to the present inadequate supply of standard housing, as shown by the experience with cash housing allowances in other countries. To assure an additional supply of decent housing for those of low and moderate incomes who cannot afford the market charges, it is necessary to tie the housing subsidy program to the additional production that is needed. Congress has properly recognized this in the past and we urge that it continue to do so now. The shortcomings of housing allowances are even more apparent in rural areas, where there are severe shortages of standard vacant units, virtually no code enforcement capability, and a small private building industry which would be physically incapable of responding to greatly increased housing demand. Yet, in spite of this, we not only have a proposal for housing allowances, but also a proposal within the Farmer's Home Administration to provide migrant farmworkers with rent certificates rather than a housing development program.

6. SUPPORT OF HOUSING PROGRAMS IN S. 3066 AND H.R. 10036 WITH NECESSARY AMENDMENTS

Contrary to the President's assertion in his speech of March 4, 1973 that the urban crisis has passed, America's cities continue to be in a struggle for survival. The need for decent housing continues to be at the heart of our urban crisis. Since the President has not recommended a program for housing to meet this need, it is necessary that Congress take the initiative in formulating a program.

We want to compliment the Senate and House Subcommittees in taking this initiative last year and this year. They have worked tirelessly and painstakingly in developing housing legislation which would meet the needs of persons of low and moderate income and stimulate the additional production that is necessary for this purpose.

They have formulated proposed legislation in S. 3066 and H.R. 10036 which squarely faces up to the housing problems of communities throughout the nation and their need for a continuing program to meet those problems. We support those bills, but with certain necessary and vital amendments which we describe below. The Senate Banking and Currency Committee has approved both the housing and community development legislation in S. 3066 as reported which includes the substance of S. 2182 and S. 1744 with the amendments adopted by the Committee.

Meanwhile, the House Subcommittee on Housing is in the markup stage on its housing and community development bill, H.R. 10036.

We congratulate Senator Sparkman for his leadership as Chairman of the Senate Banking and Currency Committee in achieving an overwhelming vote of 80 to 1 for his bill last year, S. 3248. We also congratulate that Committee and the Senate for formulating legislation which is truly responsive to the needs of the American people. There were commendable features in that bill which have been carried over to S. 3066. We will describe them briefly:

First is the provision—which is also in H.R. 10036—that the Secretary shall seek to assure that in each assisted project there is a reasonable range in the incomes of the occupants. Such an economic mix in housing developments is a key factor in achieving sound and wholesome communities—not just housing. Unhealthy communities are often created when developments are occupied solely by a stratified low income group. By including tenants who are largely self-supporting, but need some help in obtaining decent housing, there will be more of the leadership which is needed to develop good and stable communities.

Second is the provision in Paragraph 4 of Section 502(f) authorizing the Secretary to make additional assistance payments to meet increased costs above the initial operating expense levels. However, such payments would not be made under that provision until the increased expenses are first met from the increases in tenant's rentals to 30% instead of 25% of their income. Only the balance of the increased costs would be covered by an additional assistance payment. This provision will help to avoid defaults and foreclosures in assisted projects. Many of these have been due to increases in real estate taxes, utilities and maintenance costs, which have occurred at a faster rate than the tenants' ability to pay.

We congratulate the House Subcommittee on Housing for its inclusion of consumer protections in the housing bill which was reported by it and the full Committee last year. We are pleased to see that these provisions have again been included in Section 7 of Title I, Chapter III of H.R. 10036. One of the reasons that defects have been found in some homes on which HUD insured mortgages—particularly existing houses under Section 221(d)(2) without subsidies—has been the lack of these consumer protections. With proper administration, the consumer protection provisions in H.R. 10036 should avoid past abuses and difficulties in the housing programs of HUD. We recommend that S. 3066 be amended to include these consumer protection provisions as described in the attached Resolution No. 12.

7. RECOMMENDATIONS ON HOUSING ASSISTANCE BLOCK GRANTS IN H.R. 10036

The House bill, H.R. 10036—but not S. 3066—contains proposed new programs of block grants for housing assistance. The Senate and House bills differ substantially. We will first consider the provisions which are similar in both bills. We have endeavored to take a constructive approach of favoring those features of the proposals which we believe are necessary to accomplish their purposes, but opposing those features which we believe are not necessary and would be detrimental to the achievement of national housing goals.

Similiar housing features in both bills which we support

We recommend the following features in the housing assistance grant program in these bills, with modifications as indicated:

First, there is a requirement which we support for a close tie-in of housing assistance and community development. We believe that it is necessary that there be a coordination between these two programs in order to meet the needs of both programs; also, to assure effective housing programs under which local governments provide adequate facilities, services and a healthy community environment. As described below, these objectives can be achieved (1) through the requirement that HUD be authorized to approve only those housing projects which carry out and support the applicable housing plan of a unit of local government or its designee; and (2) through those other requirements which we support in paragraphs second through fifth below. We do not believe that the achievement of these objectives requires a housing assistance block grant under which the funds would be directly allocated to metropolitan cities and states and units of general local government for housing assistance administered by them—for the reasons set forth in paragraphs sixth and seventh below.

Second, there is a requirement which we

support for a proportional distribution of housing subsidies geographically. The sums authorized would be allocated by the Secretary on a basis where 75% goes to metropolitan areas and 25% to non-metropolitan areas. We support a system to achieve such an equitable distribution of housing subsidy funds to different areas based on appropiate criteria as to needs. If HUD finds that the funds allocated to any geographical area are not being used within a reasonable time, HUD should be authorized to reallocate the unused funds to other areas that have a need and demand. There should be a separate authorization for housing research and demonstration projects.

Third, there is a requirement in the bills which we support that the unit of general local government would prepare a housing plan for its area. The local government should (1) survey its housing conditions, (2) formulate a program for a balanced use of existing housing and the construction of new housing, and (3) determine the general location and character of projects to meet local needs. The plan should be formulated in a manner which will allow flexibility concerning the specific locations of projects and the plan should include the construction of housing for those of low and moderate incomes. An objective of such local housing plans should be to avoid undue concentration of assisted persons in areas containing a high proportion of low income persons; also, to take into account the availability of public facilities and services adequate to serve proposed housing projects. With regard to housing plans, there should be a considerable amount of flexibility allowed to insure that numerous small rural towns are not excluded from immediate participation in the housing programs merely because they lack a housing plan. Many small communities do not have a plan at this time, nor is it likely that they will create one in the near future, primarily because they have neither the expertise nor the will.

Fourth, there is a requirement which we support that housing projects in each metropolitan city or in each non-metropolitan area shall be in general conformity with the housing plan of the local government. We recommend that HUD be authorized to approve projects which will carry out the applicable housing plan. The housing plan could cover the need for housing which is directly related to community development, such as (1) on-site housing in urban renewal areas; (2) off-site relocation housing; (3) rehabilitation; or (4) other situations where there is a close relationship or tie between housing and community development. In the case of an area which does not have a housing plan, HUD should be authorized to approve housing projects which are in accordance with such terms and conditions as the Secretary may prescribe. We agree the provisions requiring conformity of housing projects to such housing plans of local governments should not become effective until the start of the community developments program—July 1, 1974, in the Senate bill or a year later in the House bill. Prior to that date, the housing programs should be continued under the revised housing assistance programs in the Senate and House bills, with necessary amendments.

Fifth, there is an authorization in the House bill to broaden the scope and boundaries concerning the types of housing assistance that may be made available from federal funds. We support this objective, but not the manner in which it is implemented in H.R. 10036 for the reasons set forth in paragraphs six and seven below. Instead, we recommend that the Secretary be authorized to take such additional actions as may be necessary, commencing July 1, 1975, to provide housing assistance to carry out and support the approved housing plans of units of local government. The types of housing assistance which the Secretary can provide should be broadened in the same way as is provided in Section 123 of H.R. 10036, except that the powers would be given to the Secretary instead of being vested in units of general local government in utilizing federal housing assistance. We recommend this for the following reasons:

(1) It will accomplish the purposes of the block grant provisions in H.R. 10036, but do so in a manner where the financing and assistance would be provided directly by the Secretary. This will assure that there will be uniformity concerning the applicable requirements for the different types of housing assistance.

(2) It will assure that these programs would be administered by federal officials with the necessary experience and expertise. This will also better assure the achievement of national housing goals. However, the Secretary would approve only those projects which will carry out and support the approved housing plans of local governments.

(3) It will maintain the identity of the three principal housing assistance programs, but broaden their scope to carry out local housing plans. The production capacity for low and moderate income housing is represented by private developers, cooperative groups, nonprofit corporations, local housing authorities, and private turnkey developers. The continuing maintenance of this production capacity for low and moderate income housing is geared to the availability of special national funding for each program—public housing in Chapter II, assisted home ownership in Section 402, and assisted rental and cooperative housing in Section 502.

Housing features in H.R. 10036 which we oppose

We oppose the following feature in the housing assistance program in H.R. 10036—but not in S. 3066 as reported—which we feel would be undesirable and detrimental in achieving the national housing goals:

Sixth, there is an authorization for a program of housing assistance block grants under which funds would be allocated directly to each metropolitan city and to States and units of general local government for use outside of metropolitan areas. We do not support these provisions for direct allocation of housing grants to metropolitan cities and to States and units of general local government for use in non-metropolitan areas. The housing block grants differ from community development block grants which relate solely to public programs of cities and other public agencies. In contrast, most of the housing programs involve private sponsors who are builders, developers or non-profit agencies. We believe that all sponsors—private and public—should file their applications for housing assistance with HUD which is providing the housing assistance to achieve national housing goals. However, as stated above, we believe that these funds should be limited for use in accordance with the housing plan of the local government when formulated. We do not believe that local public officials should be responsible for allocating the federal housing assistance for several reasons, namely:

(1) We have serious doubts concerning the experience, expertise, and capability of local officials in hundreds of local governments to process applications for housing grants from private and public sponsors. General local government in this country has had almost no experience in the design or administration of housing subsidy programs. Even the public housing program has operated without the active participation of general local government. To thrust almost all the responsibility for administering national housing assistance on to our local government would be a hazardous and unnecessary risk.

(2) To achieve greater economy and efficiency, the federal housing objective has been to encourage developers and sponsors to operate on a national basis. This requires developing greater uniformity concerning the applicable requirements for housing assistance and financing. The proposed local allocations of housing assistance would turn back the clock by adding a myriad of different requirements in hundreds of localities for processing allocations, rather than the uniform procedures that would be applied by HUD as a federal agency.

(3) There will be additional red tape which will impede the housing program and add to its costs. The bill would retain HUD controls on income limits, mortgage amounts, maximum housing assistance and many other matters to be administered by HUD. To these must be added the requirements and regulations to be administered by local governments as a condition for their distribution of the federal housing assistance. These duplicating and overlapping requirements and the lack of uniformity in local governments' requirements will discourage participation by developers, sponsors and lenders.

(4) There will be additional complications, burdens and difficulties if local officials become responsible for allocating federal housing assistance. This program will adversely affect and jeopardize the achievement of national housing goals.

(5) Rural areas particularly will suffer under block grants as proposed in H.R. 10036. Most small towns would not receive block grants, and at the same time the bill would terminate development under the public housing program. Small towns would not be able to meet their needs with the inadequate programs and funds available to them.

Seventh, there is an authorization of various new forms of grants, loans and housing assistance to be separately determined by each city, State or other unit of general local government. This would produce hundreds of varying methods of assistance which would utilize the housing assistance allocated by the federal government. This would certainly discourage developers and sponsors from operating on a national basis and deprive communities of the benefits of economies and efficiencies available from such developers and sponsors. There is a need for greater—not less—uniformity concerning the applicable requirements for housing assistance and financing in order to achieve our national housing goals. There is a need to continue the tested existing programs—as modified and improved in Chapters II and III of H.R. 10036. These programs work. They have been carefully formulated and designed to attract private developers and equity investments with a very limited return except for certain tax incentives. We oppose substituting untried and untested new programs to be formulated and administered by local officials who lack the experience and expertise that is required.

Moreover, the new proposed grant and financing programs will be workable. For example, the grants are to be made available for a period of three years, with no commitment concerning the continuance of these

grants in later years. Such continuing grants are necessary to assure the lower charges required to serve those of lower incomes for whom the projects will be built. Sponsors and owners will not generally be prepared to make the investments and commitments to undertake assisted projects designed to serve lower income persons over a 40-year period—if the federal commitment for necessary housing assistance covers only the first three years.

It has been argued that there will be an assurance of the continuance of the grants for a period beyond three years because the federal government will guarantee the bonds issued by local governments to raise the funds for financing the development of the assisted projects. If appropriations are not made for necessary housing assistance after the first three years, the federal government will be compelled to pay a like amount of money in order to avoid defaults on the local bonds it has guaranteed. We believe that this method of providing funds for continuing housing assistance raises the following serious questions:

(1) The housing to serve low and moderate income families can be economically self-sustaining only if housing assistance payments are made during the period until the bond financing is retired. If for any reason the housing assistance payments were cut off at the end of three years, the project could not remain economically self-sustaining and the bonds would go into default. We question any plan which does not contemplate sufficient project income—including commitments for housing assistance—to provide for the orderly retirement of the bonds. It is unsound to finance a project unless it is self-liquidating, which requires a legal obligation for housing assistance to be discharged from continuing appropriations.

(2) If there is no appropriation for housing assistance at any time after the first three years, the federal government will be compelled to pay a like amount in order to avoid defaults on the local bonds it has guaranteed. A charge can be made that it is a subterfuge to rely on this federal guarantee of the local bonds in order to provide an equivalent amount of housing assistance for the project. Normally, guarantees of bonds are intended to meet unforeseen contingencies and protect against unusual risks in order to develop a better market for the bonds. Normally the sources for the repayment of the guaranteed bonds are assured in advance as part of the financing program. However, under this plan there will be no such assurance of the continued housing assistance required after the first three years in order to continue to serve persons of low and moderate incomes. An attack can be made that the federal guarantee of the bonds is being misused and distorted to serve a purpose not generally contemplated by federal guarantees of bonds.

(3) The proposed plan does not eliminate the need for continuing housing assistance after three years in order to serve those of low and moderate incomes. It merely seeks to avoid a direct commitment for this purpose beyond three years. If the Congress later refuses to authorize housing assistance after three years, both the Legislative and Executive branches may properly feel aggrieved if they find that they must make equivalent payments anyway because of the bond guarantees.

(4) When it is known in advance that housing assistance will be required for 40 years—even though the amounts may decline in later years as people's incomes increase—the sound and proper way is to obtain a commitment by law to provide the necessary assistance. Without such a commitment, sponsors and owners will not generally be prepared to make the investments and commitments to undertake assisted projects designed to serve lower income persons over a 40-year period.

(5) If annual appropriations are cut back after three years, or if they fail to compensate for inflation, we must assume that the poor will be hardest hit as rents are raised and the poor are excluded from occupancy to insure project viability.

We believe the housing programs should be financed and assisted under the tried and tested methods which are consolidated and improved in the Senate and House bills as part of the revised National Housing Act on FHA and the United States Housing Act on Public Housing. It is not necessary to substitute new and untried methods of housing assistance and financing to be administered by local governments in order to achieve the stated objectives of the housing assistance program under Chapter I of H.R. 10036. We recommend that these provisions be deleted as they would be seriously detrimental to the housing program and the achievement of national goals.

Amendment to include public sponsors

The present prohibition against public agencies participating in programs with subsidies and financing under Section 502—or the rural program under Section 515 of the Housing Act of 1949—should be repealed. Public sponsors should be eligible to file applications with HUD—in addition to the private sponsors who have been eligible—for subsidies and financing of projects under Section 502. This will provide HUD with a wider choice among projects and encourage HUD's selection of the better projects. This procedure is certainly preferable to the one in the Senate and House bills which involves a direct allocation of a large share of housing subsidy to public agencies who have previously been excluded entirely from these programs.

8. RECOMMENDED LEGISLATIVE AUTHORIZATIONS FOR HOUSING ASSISTANCE TO BE COORDINATED WITH COMMUNITY DEVELOPMENT

We support the authorization in Chapter I of H.R. 10036 in an amount which would aggregate $2.25 billion for the first 3-year period commencing July 1, 1975. These advance authorizations provide necessary lead lime for initiating and planning programs. In the foregoing portion of these Resolutions, we recommended against the bill's authorization of various new forms of grants and housing assistance to be separately determined by each city, State or other unit of general local government. Instead, we recommend that the objectives of Chapter I could be fully accomplished through the use of the tried and tested methods of grants and housing assistance which are being continued in modified and improved form under Chapters II and III of H.R. 10036.

As a corollary to these recommendations, we urge that the authorizations of $2.25 billion for the 3-year period be modified so that they will relate to each of the three major housing assisted programs, namely:

For assistance under Section 402: an additional authorization of $200 million on July 1, 1975 and a like amount on July 1, 1976 and July 1, 1977;

For assistance under Section 502: an additional authorization of $300 million on July 1, 1975 and a like amount on July 1, 1976 and July 1, 1977; and

For annual contributions under public housing: an additional authorization of $250 million on July 1, 1975 and a like amount on July 1, 1976 and July 1, 1977.

The same aggregate amount of $2.25 billion for a 3-year period which is provided in Chapter I would be involved in these proposed authorizations aggregating: $600 million under Section 402; $900 million under Section 502; and $750 million under public housing.

9. RECOMMENDATIONS OF LEGISLATIVE AUTHORIZATIONS AND AMENDMENTS IN S. 3066 AND H.R. 10036; ALSO OTHER PROVISIONS IN BILLS

It is necessary to have legislative housing authorizations to cover the transitional period before the new authorizations would be made for housing assistance which would be coordinated with community development assistance. We are now in a stage where there is a serious gap and an absence of unimpounded legislative authorizations for continuing housing programs that are urgently needed.

At the beginning of last year (January, 1973), the President suspended all assisted housing programs and impounded $860 million of funds and contract authority in HUD programs. The Federal District Court in Washington, D.C., has ruled the President does not have the constitutional power to make these impoundments, but this decision is still on appeal.

Recently, the President has authorized the processing of applications for 200,000 units. Half of these would be under the Section 23 leasing program and the other half would be under Section 236 to meet the "bona fide commitments"—which refers to moral obligations or assurances—where applications had moved most of the way through the approval process by the date the program was suspended. However, this would release less than one-third of the funds and contract authority that were impounded which had been available under Section 235, 236 and rent supplements. The amounts released are wholly inadequate to meet the needs for housing of persons of low and moderate incomes. Moreover, no new applications are to be accepted under Section 236, but only those applicants will be considered who had "bona fide commitments" and suffered grave hardships by reason of the unwarranted suspension of the 236 program. It should be noted that some of these cases may not go forward as some HUD offices are seeking to limit developers to earlier cost levels which are unrealistic and unworkable.

Under H.R. 10036, there is an additional authorization of $150 million for the Section 402 home ownership program and $200 million for the Section 502 rental and cooperative program. With respect to public housing, there is an additional authorization in the House bill for annual contribution contracts of $140 million per annum.

As reported by the Senate Banking and Currency Committee, S. 3066, the Housing and Community Development bill of 1974 provides new authorizations for twenty-four programs, including HUD housing programs, Rural Housing Programs, the new consolidated Community Development Program, and Comprehensive Planning Programs. A total of $9 billion would be authorized for these programs over the two year period, Fiscal Year 1975 and Fiscal Year 1976. Authority to use the estimated $830 million now available in unobligated appropriations and contract authority could, reduce the actual total of the new authorizations to an $8.2 billion.

The table following summarizes by program and by section of the bill the new authorizations contained in the act.

HOUSING AND COMMUNITY DEVELOPMENT ASSISTANCE ACT OF 1974, NEW AUTHORIZATIONS

[In millions of dollars]

	Fiscal year—	
	1975	1976
HUD housing:		
Home ownership (sec. 402)	0	120.0
Rental housing (sec. 502)	180.0	200.0
Public housing, traditional (sec. 5c)	175.0	190.0
Operating subsidies for public housing (sec. 9b)	150.0	60.0
Security program (earmarked) (sec. 806)	(10.0)	(10.0)
Public housing modernization (sec. 5c)	30.0	30.0
New leasing program (sec. 8g)	440.0	440.0
Elderly housing loan program (sec. 804):		
Borrowing authority	(100.0)	0
Interest subsidy	3.0	3.0
Elderly housing facilities (sec. 504)	10.0	10.0
State housing guarantees (sec. 601)	50.0	60.0
Housing allowance demonstration (sec. 802)	43.0	0
Housing location demonstration (sec. 807)	20.0	0
Urban homesteading (sec. 814)	5.0	5.0
Solor energy demonstration (sec. 808)	2.5	0
National Institute of Building Sciences (sec. 811)	5.0	5.0
Rural housing:		
Farm labor housing (sec. 516)	25.0	25.0
Self-help housing (sec. 523)	10.0	10.0
Improvements (sec. 504)	25.0	25.0
Technical assistance (sec. 525):		
Grants	5.0	5.0
Loans	5.0	5.0
Research (sec. 506)	5.0	0
Community development:		
Community development (sec. 306)	[1] 2,800.0	3,300.0
Urban renewal (sec. 318)	[2] 300.0	0
Comprehensive planning:		
Planning assistance program (sec. 401)	100.0	150.0
Urban fellowships (sec. 403)	3.5	3.5
Total new authorization	4,402.0	4,646.5
2-yr total	9,048.5	
Less unobligated funds made available	811.0	
Total	8,237.5	

[1] There are currently available an estimated $530,000,000 in appropriations and contract authority which the bill would specifically make available for liquidating community development obligations. If this sum continues to be available, the new authority will be reduced to $2,270,000,000.

[2] There are currently available an estimated $281,000,000 in contract authority which, if unobligated, will reduce the new authority provided to $19,000,000.

The foregoing actions by the Senate Banking and Currency Committee represent a revision in the program proposed in the Administration's budget for FY 1975 in order to achieve a more balanced housing program. Unlike the Administration's budget, the Senate bill includes: (i) housing for those of moderate income as well as those of low income who are to be served under the leasing program; (ii) a conventional program under public housing; (iii) programs in modified form for home ownership assistance under Section 502; and (iv) a revival of a program for direct loans for elderly housing. These additional programs in the Senate bill are to be funded by reducing the contract authority for the leasing program by $200 million less than the amount requested by the Administration.

Instead of an authorization of $175 million for traditional public housing in FY 1975 and $440 million for the leasing program in that fiscal year—with approximately the same proportions in FY 1976—we recommend that the allocation of these amounts be in a revised ratio. Half of the total funds should be for traditional public housing and the other half for a leasing program. This will assure the production of urgently needed low-income housing because we know that the traditional public housing program will work.

With the foregoing authorizations in the bills as reported by the Senate Banking and Currency Committee, we hope that the authorizations in the Senate bill—*if* fully funded and used—would enable the achievement of an annual rate of assisted housing starts during FY 1975 and FY 1976 which would approximate the 338,000 assisted units started in FY 1972.

The Senate bill also increases the annual limit on operating subsidies for public housing from the Administration's proposal of $400 million to $500 million.

Program levels

S. 3066 provides that the President shall make such funds as may be appropriated or otherwise made available for obligation by the Congress for the programs authorized under this Act available in a timely manner for obligation in the year for which such funds have been appropriated or made available. The Secretary shall not withhold or delay or take any action which effectively precludes or delays the processing and approval of applications, and with respect to housing programs, the Secretary shall make available for commitment funds for the programs proportionate to the dollar amounts appropriated or otherwise made available for obligation by the Congress.

We support the larger of the authorizations on each of the foregoing programs as between the provisions in the Senate and the House bills. We recommend that these authorizations become effective on the date of enactment of the bill, but not later than July 1, 1974.

Other provisions in S. 3066 on housing assistance

S. 3066 as reported by the Senate Banking and Currency Committee includes some new provisions with respect to multifamily housassistance which we describe below, including some proposed amendments.

S. 3066 would authorize the Secretary, with respect to 20 percent of the project's units, to make additional assistance payments to the owner on behalf of tenants who cannot meet the basic rental with 25 percent of their income. These payments would be calculated to reduce rent payments to 25 percent of the tenant's income, but in no case to less than the utility costs for the unit unless the Secretary determines that unusually high utility costs in any area would cause undue hardship. Notwithstanding these provisions, the Secretary could reduce the 20 percent requirement if necessary to assure the economic viability of the project or increase it to promote economic integration of the project. Where all or substantially all of the project units are occupied by elderly families, payments could be made with respect to all of the project units.

S. 3066 would permit up to 20 percent of the assisted units in any project to be occupied by families with incomes at initial rental more than 80 percent of the area median but not more than the median. No assistance payment could be made with respect to units occupied by families with incomes equalling or exceeding the median.

S. 3066 would provide that an initial operating expense level would be established for each project, which would be the sum of the cost of utilities, maintenance and local property taxes at the time of full occupancy. Subsequently, the Secretary could make additional payments not to exceed either (A) the amount by which the sum of the cost of utilities, maintenance and local property taxes exceeds the initial operating expense level, or (B) the amount required to keep basic rentals of any units from exceeding 30 percent of tenant income. Such payments could be made only where the increased costs are reasonable and comparable to those faced by other projects in the community.

S. 3066 would require a project owner to pay the Secretary any rentals charged in excess of the basic rental charges, except charges over 25 percent of a tenant's income. Excess charges would be credited to a reserve for use in making additional operating assistance payments. When the reserve fund is adequate to meet these estimated additional payments, excess charges would be credited to the appropriation available for assistance payments through the next fiscal year. This provision would apply to Section 236 projects.

Between 15 and 25 percent of contracts authorized to be made after June 30, 1973 may only be used for projects planned in whole or part for occupancy by elderly families. At least 10 percent of total assistance payments authorized by appropriation Acts to be made after June 30, 1974 must be available only for dwellings or units approved by the Secretary prior to rehabilitation.

We support the foregoing provisions of S. 3066—and urge their inclusion in H.R. 10036, to the extent they are not already in that bill—except that we recommend the following amendments:

(a) We recommend an amendment to S. 3066 to increase the income limit from 80% to 90% of the area median income. The Senate bill as reported in previous years established an income limit of 90% of median which the Committee reduced this year to 80%. In previous years, the Administration had recommended the area median income as the limit. In view of the current high interest rates and high cost of housing, there is an additional urgency to increase the limit in S. 3066 to at least 90% of the median income in order to reach more of the moderate-income families who have been priced out of the housing market.

(b) We support the larger of the authorizations on each program as between the provisions in S. 3066 and H.R. 10036.

(c) With respect to the prototype cost limitation on low-income housing in S. 3066, we recommend 120% of prototype costs instead of the 110% in the bill.

10. ADMINISTRATION'S PROPOSED LEGISLATION FOR LIMITED PROGRAM OF NEW CONSTRUCTION AT SPECIAL LOW RENTS; ALSO, PROPOSED NEW SECTION 23 LEASING PROGRAM

The President's message refers to proposed legislation for a limited program of new housing construction to be made available at special rents for low income families. This program would be available only for areas where there is a shortage of housing—which the Secretary erroneously believes to be the exceptional cases. The Government would pay the developer the difference between such rents and fair market rents.

The Administration's bill—S. 2507 and H.R. 10688—contains provisions to carry out this program which would involve a new leasing program. Under it, the following are its principal features, which we find objectionable:

First, direct federal subsidies would be provided to the project owner which action is evidently intended—we believe unwisely—to exclude the local housing authority from participating in the new program.

Second, the number of assisted units in a project would be limited to 20%. There would be no flexibility to adjust for local needs and conditions such as a project specifically designed for the elderly of low income.

Third, the developer would have to obtain conventional financing. He would be prohibited from getting insurance of mortgages. By forbidding financing under HUD-insured programs, the effect will be to avoid the requirements customarily imposed in federal assistance programs to protect the public interest and the consumer, such as standards to assure the adequacy and quality of the housing and compliance with environmental controls.

Fourth, the assisted families would be required to pay 25% of their *gross* income for rent. There will be no deduction for minors, secondary wage earners and other cost factors which reduce the amount of effective income available to pay rents. This is an inequitable and burdensome requirement which is contrary to the sound housing pol-

icies and legislation that have prevailed for many years.

Fifth, the owner would not get a subsidy representing the difference between the amount paid by the assisted family—based on 25% of its gross income—and the fair market rental. Instead, HUD would establish a rental level based on the average for all housing in the area, including housing which is older or newly constructed. This does not take into account a fair market rental which reflects the cost of producing new housing that is needed to supplement the current inadequate supply.

In view of the objectionable provisions described above, we oppose the proposed legislation for a new Section 23 leasing program which we believe will not be workable or effective. It is not likely to attract builders, owners or lenders. We oppose the limited program of new construction proposed by the Administration's bill.

Proposed new section 23 leasing program

Without waiting for action on the proposed legislation for the new leasing program, the Administration took administrative action and published proposed rules concerning a revised Section 23 program for new construction and existing housing. While the budget projects this new program to produce 118,000 units before the end of FY 1974 and 300,000 units in FY 1975, no units have yet been processed or constructed under this revised program.

The present Section 23 leasing program has worked effectively and successfully with the active participation of local housing authorities and developers. We urge that this program be continued, rather than initiating the proposed new Section 23 leasing program. There is no need for a new program when we already have a program that is fully operative. However, if the Administration is determined to proceed with a new leasing program, we recommend that the present leasing program continue to be utilized until the new program becomes workable and operative. In order to make the new program workable, we recommend the amendments described below.

It is our conclusion that this new Section 23 program will not be workable or effective in the form in which it has been offered. As proposed, the new Section 23 program offers only the promise of housing which will not be fulfilled unless it is modified to make it attractive and acceptable to developers and owners.

The fact that HUD is prepared to provide subsidies covering some units in a project which are leased by an owner for low income occupancy provides no inducement or incentive to the potential developer or owner to participate in the program. On the contrary, occupancy by such low income families or persons will tend to create additional burdens and problems for a developer or owner. For example, experience shows that there are greater problems of maintenance and security in projects with low income occupancy.

Under the new Section 23 leasing program proposed by the Administration, the procedures are so complicated and the incentives for participation so lacking that we seriously question whether the program will work. It is our hope that the Administration will respond and make necessary changes to make the program workable in order to meet urgent housing needs, stimulate our lagging economy, and relieve unemployment. Accordingly, we are making constructive recommendations that the following changes be made in the Administration's proposed Section 23 leasing program to make it workable and attractive to potential developers or owners so they will participate in the program:

(a) With financing under existing HUD-insured programs, the developer will be required to absorb some discount on a multifamily mortgage in today's market. This discount would increase if the interest rate is further reduced at this time below 8¼% which now appears appropriate. We recommend an amendment that tandem financing be provided through GNMA for the purchase of HUD-insured mortgages on projects assisted under the Section 23 leasing program. The purchase should be at par, just as par purchases are now made by FNMA/GNMA of HUD-insured mortgages under Section 236, pursuant to tandem program 17. This will provide an incentive for developers to participate in the Section 23 leasing program if it is further modified as recommended below.

(b) There should be no priority to applications involving Section 23 assistance with not more than 20% of the units in a project. HUD has stated that this priority will not apply to housing for the elderly or small projects of an undefined size. It is also necessary that this priority be eliminated for all other housing which will receive Section 23 assistance. There must be a HUD underwriting to provide Section 23 housing assistance on all of the units in a project to be constructed in order to assure full occupancy and financing that will be acceptable to investors.

It should be recognized that this proposed Section 23 program presents a different problem than the piggy-back rent supplement program for low income occupancy of 20% of the units in a Section 236 project because in that project the other 80% are moderate income families who are also receiving subsidies, although they are in a lesser amount. The other 80% have an incentive to live in the Section 236 project because they get benefit of below-market rents. This is not true in the proposed Section 23 program for 20% occupancy by assisted families because the other 80% would have to pay the full market rent. They have no incentive to live in such a project, since they have a choice to get housing elsewhere at market rents without co-occupancy by low income families. It is necessary to assure that the leasing program can be utilized for some of the units in programs under Section 236—or its improved successor, Section 502—since economic integration can be more readily achieved in such projects. This objective can likewise be achieved by permitting financing under the Section 515 or equivalent rural financing programs.

As a matter of policy our organization has long favored the achievement of economic integration in subsidized housing projects to the extent it is practicable. We, therefore, recommend that the Section 23 procedures provide that the owner should seek to assure, insofar as practicable, that there is a reasonable range in the low income levels of those assisted under Section 23 through the selections made from among those certified as eligible by the local housing authority, and that the owner seek to obtain occupancy by people who will receive no assistance under Section 23, although we recognize that there is little likelihood of obtaining much of such occupancy. (There is a greater likelihood of obtaining such occupancy in a Section 236 project because there is less spread in incomes between those of moderate incomes who are assisted and the others who are not assisted.) However, to protect the owner and the lender, the Section 23 subsidies should be committed to cover *all* of the units in the project in the event this proves necessary if it is not practicable (either initially or later) to obtain occupancy by people who will receive no assistance under Section 23.

(c) There is a further requirement in the proposed new Section 23 program which is unworkable; namely, that the owner must assume the loss of vacancies. The proposed rules provide that the housing assistance payments are to be paid to the owners only for those units under lease by eligible families. The owner must depend upon the local housing authority to issue certifications of those eligible for occupancy. From among them, he must make a selection of those who are acceptable to him. This may be a time consuming process which involves factors beyond the control of the owner. Units may be ready for occupancy, but the local housing authority may not have certified sufficient acceptable families or persons to move into the units.

We recommend that vacancies be covered by Section 23 subsidies and that the owner not be required to assume the financial losses on unoccupied units which are ready for occupancy.

(d) The proposed Section 23 procedures refer to HUD-insured financing under Sections 207, 221(d)(4) or 231. To enable projects to be undertaken by cooperatives or other nonprofit organizations, it is necessary to add Sections 221(d)(3). We are advised that HUD is accepting this recommendation. These organizations have been active participants in the subsidized programs and their resources should be utilized to help effectuate the Section 23 leasing program. There are other technical amendments required to make it clear that the proposed regulations include a consumer-oriented cooperative as an owner; that the term "tenant" includes a member of a cooperative; and that the term "rent" includes carrying charges under a cooperative occupancy agreement.

(e) The proposed Section 23 procedures should permit financing under Section 515 of the Housing Act of 1949 administered by the Farmers Home Administration in order to reach those in less populated areas.

(f) Extensive use of the Section 23 program for leasing of existing housing will further inflate housing costs by creating competition for a limited supply of housing. To encourage additional production of adequate housing to serve low income groups, the Section 23 subsidies should be largely tied to the additional housing production which is required. This includes rehabilitation which assures that existing housing is improved to meet acceptable standards. Such use of the Section 23 program will stimulate necessary additional construction and rehabilitation so that adequate housing will be provided for those of low income who receive assistance under Section 23.

(g) HUD should provide sufficient funds for counselling for those families residing in Section 2 assisted projects who have a need for it.

(h) The owner of newly constructed units should have the right to work out a mutually acceptable program under which the management function would be handled by the local housing authority without securing HUD approval. Housing authorities should be restored to a more active participation in the new Section 23 leasing program. By avoiding the use of local housing authorities in management, the Administration is threatening to end the vital role of housing authorities as local institutions.

(i) As designed, the Section 23 program is unnecessarily complicated by costly, time consuming and needless procedural hurdles. In order to achieve the anticipated rate of production under this program, these procedures should be streamlined and simplified.

(j) There should be a time limit on HUD's review of an application and, failing action within the time prescribed, the application should be considered as approved.

All of the above recommendations apply to the proposed new Section 23 procedures and administrative actions applicable to new construction which includes rehabilitation of existing housing. Recommendations (b), (c), and (d) apply to the proposed Section 23 procedures on existing housing.

Necessary amendments in S. 3066 to make leasing program workable

For the reasons set forth above, amendments are necessary in Section 8 of Chapter II of S. 3066 to make the leasing program workable and effective. The amendments we recommend include the following:

1. S. 3066 contains a limitation—Chapter II, Section 8(g)(3)(E)—making ineligible for HUD mortgage insurance any project for which leasing assistance payments are contracted with respect to more than 20% of the units in the project, unless the Secretary determines that such insurance is necessary to provide for low-income families. This limitation should be deleted since it would make the leasing program unworkable and unattractive for builders and lenders in the production of housing project with units available for leasing assistance.

It is necessary to provide incentives for developers and lenders to provide housing for accupancy under the leasing program. A major incentive is the availability of financing with HUD-insured mortgages. Such HUD mortgage insurance has always been permitted in the past for the development of privately owned projects receiving assistance to serve those of lower incomes. This should be continued.

The proposed regulations of the Secretary under the Section 23 leasing program now permit HUD-insured mortgages in cases where more than 20% of the units will receive leasing assistance payments. This should likewise be permitted in S. 3066.

This limitation in S. 3066 was sponsored by the Administration as part of their objective to largely eliminate HUD mortgage insurance by starting to minimize and reduce its availability. This is an unjustified reversal of 30 years of favorable experience with HUD mortgage insurance programs which have pioneered in bringing suitable financing to more Americans.

We recommend an amendment which would remove the limitation with respect to HUD insurance of project mortgages where more than 20% of the units will receive leasing assistance payments.

2. Under the leasing assistance program, Section 8(g)(3)(C) of Chapter II of S. 3066 requires the project owner to assume the loss arising from a vacancy which occurs beyond his control, except for very limited losses covering a 60-day period.

The owner must depend upon the local housing authority to issue certifications of those eligible and acceptable for occupancy. Thus, vacancies will occur as a result of factors beyond the control of the owner, such as the failure of a local housing authority to certify enough families eligible and acceptable for occupancy.

The attached amendment would correct this inequity in the bill by providing that leasing assistance payments may be made only on a dwelling unit when it is ready and available for occupancy by a family certified or to be certified as a low-income family. It has further limitations that such payments may be made only when a family vacates a dwelling unit before the expiration of the lease for occupancy or when a public housing agency fails to certify a family eligible and acceptable for housing assistance payments and when the owner is making a good faith effort to otherwise fill the vacancy.

This amendment would continue the successful practice under the past Section 23 leasing program where the owner was paid the rental for a dwelling unit when it was ready for occupancy. However, the amendment adds further limitations to assure that the vacancy was beyond the control of the owner and that he is making a good faith effort to fill it.

3. S. 3066 contains a provision—Chapter II, Section 8(g)(3)(B)(ii)—which generally limits leasing assistance to not more than 75% of the units in any project. While it authorizes a waiver of such limitation by the Secretary or a public housing agency, this authority does not cover cases where all or any part of the remaining 25% of dwelling units cannot be rented within a reasonable period without leasing assistance payments.

We recommend an amendment which would provide that contracts for annual contributions would be in an amount sufficient to permit leasing payments with respect to all the dwelling units in the project. However, such leasing payments would be permitted on units in excess of 75% of the dwellings in the project only upon a determination by the public housing agency that such units cannot be rented without leasing assistance.

This amendment is necessary to avoid the default and foreclosure of a project mortgage where the 75% limitation threatens the success of the project, because all or part of the remaining 25% of dwelling units cannot be rented without leasing assistance payments.

4. S. 3066 contains a provision—Chapter II, Section 8(g)(3)(B)(iii)—that contracts for assistance payments may be for a term of 480 months on projects financed by state housing agencies involving newly constructed or substantially rehabilitated dwelling units. However, only half that term is authorized on similar projects financed by other lenders. Where such other lenders make a 40-year loan, they have the same need as a state agency for a 40-year term of assistance payments in order to make their loan feasible.

Accordingly, the same maximum term of assistance payments should be authorized for all lenders for similar projects. That is particularly important since there are many states which do not have state housing agencies.

Accordingly, we recommend an amendment that the maximum term for assistance payments on newly constructed or substantially rehabilitated dwelling units would be 480 months on projects involving all lenders, including state housing finance agencies and any others providing financing for the same purpose.

5. There are other places in this bill where there is a definition which makes it clear that the rental housing provisions apply to cooperatives. We recommend a perfecting amendment to add a similar definition to Section 8 of Chapter II on the leasing assistance program.

This amendment provides that the term "tenant" includes a member of a cooperative; the term "owner" includes a cooperative; and, with respect to members of a cooperative, the terms "rent" or "rental" mean the charges under the occupancy agreement between such members and the cooperative and the term "lease" means such an occupancy agreement.

11. THE ADMINISTRATION'S HOUSING PROGRAM WILL NOT MEET HOUSING NEEDS

The Administration's housing program will not help the growing number of moderate income families who cannot be served by the private market alone at today's high interest rates and inflated housing costs. We are talking about more than half of our nation's families. For these families, the Administration's reduction of interest rates will not give enough help.

A reduction of from 8½% to 8¼% on a $33,000 house amounts to $6 a month. This would reduce the total monthly house cost from $374 to $368, which most people cannot afford. Under the tandem program which reduces the interest rate to 7¾% on 200,000 units, the reduction on the same house would be $12 a month—from $368 to $356. Most of the families who normally could buy a house will still be priced out of the market. They can't pay $356 a month for housing, including debt service, taxes, insurance and the other expenses of home ownership.

Nor will the Administration's program serve those of lower incomes for whom the Administration offers two programs:

First, the Administration will commit $200 million for housing allowance experiments for the elderly poor, but no other poor. However, an allowance system will not stimulate the necessary additional production of adequate housing for those of low incomes who need assistance. Instead, housing allowances will further inflate housing charges by creating competition for a limited supply of housing. When people are assisted by cash allowances and are largely restricted to the existing supply of housing, they are likely to continue to live in slums and unsatisfactory housing. This has been the experience with housing allowances in the welfare programs. To obtain additional production of decent housing to serve lower income groups, the subsidies must be properly tied to the additional housing production which is required, as provided in bills now pending in Congress.

The revised Section 23 Leasing Program is the other program which has been proposed by the Administration to serve those of lower incomes. However, in the form in which it has been offered, it will not be workable or effective as explained in Section 10 of this Report. It is not likely to attract builders, owners or lenders. So, we are being given a promise of housing which will not be fulfilled.

12. SUPPORT OF PROGRAMS TO REDUCE INTEREST RATES, INCLUDING MODIFIED TANDEM PLAN AT 7% INTEREST RATE FOR 200,000 UNITS

The unprecedented increase in interest rates on mortgages has priced too many families out of the housing market. As explained in the preceding section, the recent actions taken by the Administration will not provide any significant amount of help for the growing number of moderate income families who cannot be served by the private market alone at today's high interest rates and inflated housing costs. The tandem plan of GNMA to purchase HUD-insured mortgages, at a price of 96, to assist in the construction of 200,000 housing units should be amended to reduce the mortgage interest rate from 7¾% to 7%.

This reduction is necessary to make this program fully workable and effective and to reach more of the people who have been priced out of the market as a result of increases in interest rates and housing costs, together with other costs of living. This 7% rate would reach an annual income level which would be $700.00 below the level reachable at a 7¾% rate. On a $33,000 house, this further rate reduction in interest rate would reduce the monthly cost of home ownership from $356.00 to $340.00. The reduction in the interest rate under the tandem program from 7¾% to 7% would reduce rentals from $294.00 to 279.00 a month on a housing unit costing $28,000, and from $258.00 to 245.00 on a housing unit costing $25,000. These reductions in monthly housing costs are necessary to reach more families who have been priced out of the market at today's high interest rates and high housing costs, together with other increases in the cost of living. The Labor Department reports that in January of 1974 consumer prices were 9.4% higher than they were a year ago and that the average worker's purchasing power, as measured by real spendable earnings, had declined by 4% during that period.

The reduction to a 7% interest rate under this tandem program is necessary to reach more people who have been priced out of the market as a result of these factors. It is also necessary to help assure the production of the 200,000 additional units which are necessary to provide jobs and stimulate the

economy during the recession which is developing.

Legislative programs to reduce interest rates

We are pleased that some action is contemplated under pending legislative bills to provide some relief from the present high interest rates.

In addition to the tandem plan for par purchase of HUD-insured mortgages on 200,000 units at the 7% interest rate which we are recommending, we support the provisions in H.R. 10036—with the amendment proposed below—which would direct the Secretary to establish interest rates for FHA-insured mortgages at levels where discounts in excess of 4 points could be avoided for certain mortgages. When the FHA interest rate is established at a rate above 7%, the bill provides that the interest rate on mortgages in amounts up to 130% of prototype costs would be set at 7% or at a higher rate which would not be more than 1% below the regular FHA rate. At the present time when the FHA rate is 8¼%, the rate on mortgages on this lower cost housing would be 7¼%.

We recommend that the reduction be either 1% or such higher percentage as is necessary to achieve a 7% interest rate. At present this reduction would be 1¼% to reduce the 8¼% to 7%. The effect of this 1¼% reduction in interest rate would be to reduce monthly charges from $30 to $20—depending on the cost per unit—and to bring housing to many people who cannot afford the present higher interest rates. We also support the provision which would require the Government National Mortgage Association to use the tandem plan to support these lower interest rate mortgages at a price no less than 96. This program is supplementary to the program for GNMA purchases of HUD-insured mortgages at par on 200,000 units.

As a means of further reducing interest rates to reach more families who have been priced out of the housing market, we support the bills introduced by Senators Proxmire and Williams, S. 2169 and S. 2179, which provide for direct federal financing of home ownership and rental and cooperative housing for those of lower and moderate incomes. This would involve the Federal purchase of mortgages under Sections 235 and 236. This provision should be amended to cover the purchase of mortgages under the new Sections 402 and 502. Due to such financing at lower interest rates, this program would reduce the amount of interest subsidies and reduce the federal costs involved. However, it is necessary to avoid the inclusion of such direct federal loans in the budget as this would adversely affect achieving the size of the programs required. Since such loans are investments rather than nonreturnable costs, they should properly be excluded from the budget. Such action was recently taken for a budget exclusion in a similar case involving the Export-Import Bank, so the same practice should be followed on direct federal loans for low and moderate income housing. To accomplish this, the bills properly provide that the monies borrowed from the Treasury and used for secured loans for housing shall not be treated as expenditures for budget purposes and shall be exempt from any limitations on annual expenditure or net lending.

As modified and approved by the Senate Banking and Currency Committee, S. 3066 provides for the establishment of a Housing Cooperative Financing Association similar to the successful cooperative associations used for agricultural purposes. It includes features patterned after federal legislation establishing financing associations for housing. The Association would use private financing methods to provide loans at lower interest rates to housing cooperatives which would make it possible for people of modest incomes to achieve home ownership. Within a few years it is anticipated that the Association would become wholly privately owned, with the Government-held stock being retired, and that the Treasury advances would be fully repaid. There are sound reasons why a separate financial institution is needed for housing cooperatives. Cooperative housing—like any cooperative endeavor—has the greatest difficulty in securing financing because only a group of consumers is involved. This is in contrast to a profit making institution with established credit or a non-profit undertaking with an existing affiliated institution. This need for specialized financing institutions for cooperatives has long been recognized in the Department of Agriculture. We recommend that similar provisions be added to H.R. 10036 during the markup by the House Subcommittee.

13. LOW INCOME HOUSING, INCLUDING MODERNIZATION, SECURITY FOR RESIDENTS, OPERATING SUBSIDIES, AND OTHER AMENDMENTS

The President's budget for FY 1975 reflects authority for capital improvements in public housing of $235 million in FY 1974 and again in FY 1975 under a reinstated Modernization Program. We support the reinstatement of the modernization program and urge continued adequate funding for it. This program is long overdue to correct obsolescence and provide necessary repairs and replacements in public housing. Unless adequate funding is provided for such modernization, public housing throughout the country is seriously threatened by deterioration beyond a point where it can be saved. We recommend that the $100 million annual limit on the use of funds for modernization of public housing be increased to the $235 million proposed in the Administration's budget for FY 1974 and FY 1975.

We are pleased to note that H.R. 10036—Section 5(g) of Chapter II—authorizes the Secretary to undertake a program over the next three years to correct obsolescence and improve the conditions of public housing to meet proper standards and conform to codes. The program would also include facilities and equipment designed to improve the security of the residents in public housing and the property itself. The langauge of the bill should be broadened to provide assistance for a software program for the purposes described below.

We support the provisions of S. 3066 which would establish in HUD an Office of Security to be headed by the Assistant Secretary for Housing Management. The Secretary would be authorized to make grants to sponsors of federally insured or assisted multifamily projects to finance planning and development of specified measures to improve the security of their project. Eligible multifamily projects would be those insured under any provision and the National Housing Act, and those assisted under the public housing program of the Section 202 program of direct loans for housing for the elderly or handicapped. The Office of Security would also serve as a clearing house for information concerning physical security of federally insured or assisted housing projects, and federal assistance for this purpose, and would be required to cooperate with the Law Enforcement Assistance Administration in developing improved methods for providing housing security. In S. 3066 there is a $30 million additional authorization for annual contributions contracts in FY 1975 and a like amount in FY 1976 for public housing modernization. This will be sufficient to provide public housing modernization in the $235 million amount recommended by the President for FY 1974 and again for FY 1975.

Many of the concerns with crime and vandalism now associated with public housing developments can be eliminated by such a security program which should cover three areas:

First, the adoption of minimum security standards should be a part of the Minimum Property Requirements and included in HUD's rules and regulations for all new housing developments. There should be necessary increases in the allowed prototype costs to include such development for security purposes. Two model security codes do exist—one for buildings generally, and the other for the elderly specifically. They were developed by the Department of Justice's National Institute of Law Enforcement and Criminal Justice, and are readily available;

Second, for existing assisted projects, funds should be made available to provide the necessary hardware—locks, bolts, communications systems—and space modifications which have proven to be effective in reducing crime; and

Third, software program money (relatively small sums) should be available for assisted projects, to meet the cost of volunteer citizen patrols and residents' meeting expenses. We suggest that the Committee Reports include a full statement indicating the purpose and intent of the legislative provision to cover all of the foregoing security features.

The President's budget for FY 1975 shows an increase in operating subsidy funds from $350 million to $400 million. We recommend a further increase to $500 million for operating subsidies in public housing for FY 1975. For a further discussion of operating subsidies and necessary measures to increase the income from public housing, see Resolution No. 6 in the Appendix. It must be recognized that the proper operation and maintenance of public housing to serve those of low incomes requires an adequate continuing amount of operating subsidies and increased income from public housing.

Other provisions in S. 3066 on low income housing assistance

S. 3066 as reported by the Senate Banking and Currency Committee includes some new provisions with respect to public housing, which is referred to as low income housing assistance. These include the provisions which we describe below.

The present requirement that annual contributions be fixed in uniform amounts and paid in such amounts over a fixed period of years would be deleted in order to afford greater flexibility in the financing of public housing projects. Under the revised Act there would be a new subsidy structure which would provide for a separation between the authority to make annual contributions based on debt service requirements and the authority to make operating subsidy payments. This subsection would delete the present authorization to pay an additional annual subsidy of up to $120 per dwelling unit occupied by an elderly family, a large family, a family of unusually low income, or a displaced family as the purpose of these subsidies would be included under the broad operating subsidy authorization contained in section 9 of the revised Act.

S. 3066 would provide a limitation on the cost of project construction and equipment (excluding land, demolition, and non-dwelling facilities) on the basis of which the amount of annual contributions would be calculated. This cost could not exceed by more than 10 per cent the appropriate prototype cost for the area, required to be determined at least annually on the basis of estimated construction costs of various new units in the area suitable for occupancy by persons assisted under the Act. In making his determination, the Secretary would be required to take into consideration the extra durability necessary for safety and security and economical maintenance, the provision of suitable amenities, the use of good design and architectural standards, the effectiveness of existing cost limits, and the advice of local housing producers.

S. 3066 would require annual contributions contracts to provide that when a public housing agency and the Secretary mutually agree that a project is obsolete, making it un-

usable for housing purposes, a program of modifications or closeout shall be prepared. It would authorize the Secretary to use such annual contributions as are necessary to enable the public housing agency to undertake an agreed-upon program of modifications. It also would authorize the Secretary to prepare a closeout program, utilizing such annual contributions as are necessary to accommodate outstanding indebtedness, the cost of demolition (if physical improvements are not to be sold) and the cost of relocation.

S. 3066 would authorize public housing agencies, or the Secretary, to provide housing for low-income families in the form of low-income housing in private accommodations in accordance with a new Section 8. Its purpose would be to provide such housing by taking full advantage of vacancies in the private housing market and by achieving economically mixed occupancy. The bill expresses the intention to vest in public housing agencies the maximum amount of responsibility in administration of the program under Section 8, including responsibility for the establishment of rents and eligibility requirements in accordance with criteria established by the Secretary. It authorizes the Secretary—in areas where no public housing agency exists or where the Secretary determines that a public housing agency is unable to implement the provisions of this section—to assume responsibilities which ordinarily would be assigned to a public housing agency under Section 8.

S. 3066 would authorize public housing agencies to provide assistance payments to assist in the construction or substantial rehabilitation of housing for low-income families in housing areas with respect to which the agency, in accordance with criteria approved by the Secretary, has determined that there is not, and not likely soon to be, an adequate supply of decent, safe, and sanitary existing housing for low-income families, or that such construction or rehabilitation is necessary to expand housing opportunities for low-income citizens within reasonable proximity to places of employment, or that such new construction is an essential component of a community development program. Public housing agencies may contract to make assistance payments with respect to a newly constructed or substantially rehabilitate dwelling unit for a term of not more than two hundred and forty months but such term would be renewable, except that no renewal could result in a total term exceeding four hundred and eighty months.

We support the foregoing provisions of S. 3066—and urge their inclusion in H.R. 10C36, to the extent they are not already in that bill—except that we recommend the following amendments:

(a) With respect to the leasing program authorized by a new Section 8, we recommend amendments as set forth in Section 10 of this Report which are necessary to make the program workable and effective.

(b) We recommend amendments to carry out the program set forth in Resolution No. 6 in the Appendix.

(c) With respect tof the protoype cost limitation on low-income housing in S. 3066, we recommend 120% of prototype costs instead of the 110% in the bill.

14. UNWARRANTED CONCLUSIONS IN HUD STUDY, "HOUSING IN THE SEVENTIES"

Our analysis indicates that there are unwarranted conclusions in the HUD Study relating to subsidized housing which is entitled "Housing in the Seventies". In this Report, we make a comparison of some of the findings and conclusions in the HUD Study with the actual program facts.

Chapter 4 of "Housing in the Seventies" deals with the subsidized programs and sets out the Administration's rationale for their suspension. It organizes its findings and conclusions around several evaluative criteria. In this section of our Report, our comments relate to some of the HUD Study findings and conclusions on program viability and program efficiency. In the attached Resolution No. 5, we present further comments on the findings and conclusions in the HUD Study relating to "program equity" under Section 236 and Section 235.

Program viability

There are few areas of criticism of the subsidized housing programs which have been more distorted or more inaccurately presented than the various press and official statements on default, mortgage assignment and foreclosure rates. In the home mortgage programs, the high rates of 221(d)(2), 223(e) and 203(b) foreclosures and abandonments—which involve unsubsidized programs—in certain central cities have been laid off as evidence of the failure of the subsidized housing programs. In the multifamily rental programs, HUD officials and other critics have used default and default termination[1] statistics loosely and, in some cases, interchangeably and have failed to provide adequate analysis of the causes of default terminations, the types of subsidized rental projects which are prone to high default terminations, or administrative steps which could cause a reduction in default terminations.

1. Findings and Conclusions in HUD Report—Section 236 Program

"The Section 236, rent supplement, and Section 235 programs all evidence substantial problems of failure as reflected in mortgage assignments to HUD and foreclosures . . . 20% of all Section 236 projects are projected to fail during their first 10 years . . . Over 40 years . . . the failure rate may be 30 percent or more."

Program facts

HUD preliminary reports on mortgage insurance programs as of December 31, 1973, present the current facts on projects or mortgages taken over by HUD under Section 236:

There were a total of 24 mortgages involving $32,904,559 and 2,160 units which were acquired by HUD through foreclosure or conveyances. The total number of insured mortgages under Section 236 is over 3,695 involving $6,568,658,787 & 398,848 units. Thus, the number of project mortgages actually foreclosed as of December 31, 1973, represents about 0.65 of 1% of the total program under Section 236; the mortgage amount of foreclosed 236 projects represents about 0.5 of 1% of the total program; the number of 236 units foreclosed represents under 0.6 of 1% of the program.

As of December 31, 1973, there were 136 mortgages (excluding those foreclosed) which have been assigned to HUD in the amount of $190,333,296 representing 11,637 units. This represents under 4% of the total number of mortgages insured under Section 236; under 3% of the total amount of the 236 mortgages insured; and about 3% of the total 236 units insured.

These are the default terminations under 236 after more than 5 years of operation.

Currently, non-profit sponsored 236 projects account for ⅔ of all 236 default terminations but non-profit sponsors account for only about ⅓ of the total 236 projects insured.

As to projects on which the mortgage has been assigned back to HUD, we cite a statement made by the President of FNMA on April 11, 1973, before the Subcommittee on Housing and Urban Affairs, Committee on Banking, Housing and Urban Affairs of the Senate:

"It must be stressed that assignment back to the FHA does not necessarily mean project failure. For instance, many of today's successful Section 220 urban renewal projects were at one time or another assigned back to the FHA but were finally worked out successfully."

Although we do not have access to the data and simulations used by the HUD report, current 236 data and the experience of other FHA multifamily rental programs do not support the conclusion that 20% of Section 236 projects will fail during the first ten years and 30% will fail over their 40-year life.

2. Findings and Conclusions in HUD Report—Section 235 Program

"Rapid decay of Section 235 units in some neighborhoods, or financial setbacks suffered by owners, often leads to abandonment, defaults and foreclosures. It is currently projected that about 16% of all Section 235 units will fail during their first 10 years. Although the insurance fund for the Section 235 program was actuarially sound through 1972, recent foreclosure rates for Section 235 units are above actuarial expectations."

Program facts

HUD statistics on the 235 program as of October 30, 1973, provide the following on program status:

Currently, cumulative 235 default terminations as a percentage of insurance in force is running at 8.7% after more than 5 years of operation.

The Report itself recognizes that the Section 235 program was actuarially sound through 1972. Moreover, a separate HUD actuarial study concluded that (i) from an actuarial standpoint, relatively high default termination rates in the 235 program in its early years should not be a cause for alarm, and (ii) we should expect higher rates than in the 203(b) program, but, after the initial flow of high defaults has run off, the insurance fund will gradually stabilize itself, although it will take a longer period to do so than was the case in the 203(b) program.

3. Findings and Conclusions in Report—Sections 235 and 236

"Government subsidized housing programs contain structural problems that result in considerable program inequities and inefficiencies. Certain problems could be remedied through legislative changes. However, legislative correction of one problem would often tend to aggravate or create others . . . While administrative changes would marginally improve the efficiency and equity of production programs, serious problems . . . would remain."

Program facts

The Report is completely silent on those causes of 235 and 236 default terminations which can be avoided by proper HUD program administration. There are few areas of its subsidized program administration where HUD has been weaker than in the areas of multi- and single-family mortgage servicing and default terminations. From a personnel standpoint, HUD mortgage servicing has been the stepchild to production. From a program policy standpoint, production has heretofore far outweighed concerns for long-term ownership, management and program viability. From the standpoint of data systems and data analysis, mortgage services was an afterthought until the glare of Congressional and press focus on foreclosures forced attention to what was really going on in the programs.

For the Report to adopt a posture that there is a certain inevitability to unreasonably high default termination rates in the subsidized programs is specious. HUD has known, and knows now, what administrative steps are required in both underwriting and management to lessen default termination rates in both the multi- and single-family subsidized programs. These range from tighter adherence to existing underwriting procedures and to existing management and sponsorship requirements, to improving the quality and supervision of field processing

[1] A default termination is an FHA-insured mortgage assigned to HUD or foreclosed by HUD or a mortgagee.

personnel, to implementing a more vigorous and comprehensive counseling program, to improving and injecting more flexibility into its mortgage servicing procedures.

These are administrative requirements which have been amply identified and, in many instances, were implemented prior to the suspension of the programs in January, 1973. To indict the programs on the issue of "Program Viability" is to indict HUD's program administration. To imply that default termination rates for future production will be at unacceptable rates is to imply that HUD cannot or will not properly administer its own programs. Yet, the HUD Report is completely silent on this point and it appears unlikely that improved program administration was factored into the projections of future 235 and 236 default terminations.

Program efficiency

4. Findings and Conclusions in Report—Section 236 Program

"The 'market rent' of a Section 236 unit is higher, on average, than the rent charged for an identical unit in the private market . . . The main reason Federal costs exceed market value is that Section 236 units are not rent competitive with identical private units and therefore the direct subsidy is spent inefficiently."

Program facts

For about two years, there has been a HUD policy—which was published in the Federal Register—that determinations of feasibility of Section 236 projects must be based on estimated fair market rentals which do not exceed the rents obtainable for reasonably comparable non-subsidized dwelling units similarily located. As a result of this requirement, no 236 project can be approved unless the rents are competitive with comparable private units in the market. In fact, many applications for assistance under Section 236 have been rejected because the proposed rents were not competitive. Any problems that previously existed were remedied by the new HUD policy which has been in effect for about two years. Yet, there is no mention of this fact in the HUD Report.

15. SUPPORT OF COMMUNITY DEVELOPMENT PROGRAM IN S. 3066 AND H.R. 10036 WITH AMENDMENTS

We believe strongly that national problems such as community development require that the use of federal financial assistance be channeled to relieve problems defined by national guidelines and policies. In our opinion, this objective would be well served by the community development provisions of S. 3066 and H.R. 10036. These bills would consolidate a number of categorical grant programs into one block grant. The present categorical programs permit too little flexibility and scope for action and require too much paperwork. The year-to-year funding of these programs inhibits local planning and program effectiveness.

S. 3066 and H.R. 10036 would require a declaration of goals and a performance report. They would also require a program for removing slums and blight and providing low and moderate income housing. There would be continuity of financing and funds. Likewise, a specific acknowledgement of how Federal funds are to be spent and a yearly performance statement as a prerequisite for the grant are required.

In contrast with S. 3066 and H.R. 10036, the Administration's bill, H.R. 7277, would surrender to local communities the allocation of Federal funds among the various categories of community development without regard to national goals or any overall plan dealing with all aspects of the community development program. We do not support H.R. 7277, because we believe that the community development program should be applied to each locality not only to meet its needs, but also to achieve the national objectives and goals embodied in existing legislation which has been adopted through the years after extensive hearings and careful deliberation.

Recommended amendments to S. 3066 and H.R. 10036

Our support of the community development provisions of S. 3066 and H.R. 10036 is conditioned upon the continued availability, at an adequate level, of categorical grants for community development programs until special revenue sharing becomes effective. This is what the President recommended in 1972 but opposed last year and this year.

Most of the categorical grant programs for community development did not have any new authorizations released (a) during FY 1974, except for $322.5 million for urban renewal out of a total of $600 million appropriated and (b) a release of half of the $150 million appropriation for model cities for FY 1975. This new funding level for urban renewal was about 80% below the amount of new funding in FY 1972 and FY 1973. For the categorical programs that would be consolidated under the community development program, we recommend continued categorical funding for FY 1974 which would equal a total of $3.7 billion. This should include $1.5 billion for urban renewal as described in the next section. This categorical funding is in addition to the funding for community development block grants which would commence in FY 1975. Such funding of categorical assistance is necessary as a matter of equity and fairness to local governments. They should not be short changed through the loss of categorical funding during FY 1974.

In his budget for FY 1975, the President recommends that $2.3 billion be made available on July 1, 1974 under his proposed Better Communities Act. However, H.R. 10036 provides for a three-year federal authorization with obligation authority of $8.25 billion of which $2.5 billion would become available on July 1, 1975; $2.75 billion on July 1, 1976; and the balance of $3 billion would become available on July 1, 1977. S. 3066 provides for a two-year federal authorization with obligation authority of $6.1 billion of which $2.8 billion would become available on July 1, 1974, and the balance of $3.3 billion would become available on July 1, 1975. In view of the major programs which would be merged into the proposed community development program and in order to assure adequate financing and continuity, NHC recommends a three-year program and an increase in the foregoing proposed authorizations to $12.1 billion, with $3.7 billion available for obligation in the first year and $4.2 billion in each of the second and third years.

We support the provisions in H.R. 10036 authorizing a 100% grant instead of the 90% grant in S. 3066. Congress should recognize that municipalities and local governments lack the resources to provide a local share. This is evident from the fact that many local governments have found it necessary to utilize general revenue money in order to help balance their budgets.

In the event that the provisions of S. 3066 are accepted with the 90% grant, we recommend that communities be allowed non-cash credits toward the 10% local share. These credits should include all of those which have been currently recognized as eligible. The local community should be allowed to provide these credits to make up its local share over a two or three year period rather than on an annual basis. This will give them enough time to program and execute the activities involved in these credits.

We must continue to observe the principle that any families displaced through community development activities must be relocated in adequate housing. The requirement for a one-to-one replacement of low and moderate income housing units should be synchronized with the elimination of the units to the extent necessary to assure relocation. Funds should be reserved to implement such relocation as part of the community development program.

Provisions in S. 3066 which we support

We support the major provisions described below which are in S. 3066:

Illustrative of the provisions and objectives of the legislation to consolidate community development programs, we cite those in Chapter III or S. 3066 as reported by the Senate Committee.[2] The Chapter's primary purpose is the improvement of the living conditions and economic opportunities of persons of low and moderate income. Consistent with this objective and promotion of the general welfare, the following specific objectives are set forth: the elimination of slums and blighting conditions; the conservation and expansion of housing, increased public services, improved use of land, expansion of housing opportunities and increased neighborhood diversity, and preservation of property with special values. The maintenance of local effort is required.

Under S. 3066, financial assistance will be granted only upon the basis of a two-year application by a community development agency. Each application would be required to contain:

(1) A summary of a four-year community development plan demonstrating a comprehensive strategy for meeting the community's needs, specifically setting forth programs (A) to meet housing needs, (B) to prevent and eliminate slums and blight and upgrade neighborhoods through code enforcement and other improvement programs and (C) to improve community services and facilities to meet the economic and social needs of residents in areas affected by community development.

(2) A description of activities to be undertaken over the next two year period, the general location of these activities and requirements for Federally assisted housing units and rehabilitation loans.

(3) A certification that the applicant's program (a) is consistent with the objectives of the Chapter and area-wide plans; (b) affords adequate opportunity for public hearings prior to any acquisition of private land; (c) conforms to the requirement that two-thirds of expenditures made under the Chapter will be directed toward meeting housing needs, eliminating slums and preventing blight, and improving public services in support of community development objectives, unless specifically waived by the Secretary; (d) affords adequate opportunity for citizen participation in developing the application and in planning and executing the program.

(4) A performance report on activities carried out under the Chapter, together with an assessment of such activities in relation to the community's stated development needs and objectives.

The Chapter authorizes the Secretary to make grants to community development agencies for activities to be carried out under a two year contract. Thus, localities would be assured of program funds one year in advance of the current program year. The principle would be observed that funds for community development are available for staged programs of improvement over a period of time so as to permit advance planning.

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[2] To assure accuracy here and elsewhere, we have utilized some of the language of the Senate Committee's Section-By-Section Summary.

The Chapter would require the Secretary to allocate 75 percent of funds appropriated for use in metropolitan areas, and 25 percent for use in non-metropolitan areas. These funds would be distributed, first, to meet requirements of community development agencies with basic grant entitlements, and second, to agencies which have no entitlements, or have entitlements which are too low to meet their urgent development needs.

The Secretary is authorized to reallocate funds that are not utilized to (1) community development agencies serving localities which have no basic grant entitlements and (2) community development agencies which have entitlements which are too low to meet urgent development needs.

Community development agencies would receive an initial basic grant entitlement if during the fiscal years 1968–72 the locality served by the community development programs was assisted under Title I of the Housing Act of 1949 (or a neighborhood development program assisted or committed during fiscal year 1973), or a Federally assisted code enforcement program, or a Model Cities Program assisted under the Demonstration Cities and Metropolitan Development Act of 1966. The Secretary would be required to set a basic grant entitlement for each community development agency in an amount equal to the sum of the average, during the fiscal years 1968–72, or (a) loans made under Title II of the Housing Amendments of 1955, (b) grants made under Title VII of the Housing Act of 1961, (c) advances made under Section 702 of the Housing Act of 1954, (d) grants made under Title VII of the Housing and Urban Development Act of 1965, and (e) grants made under Part A, Title I of the Housing Act of 1949, the average annual grant made under Section 105 of the Demonstration Cities and Metropolitan Development Act of 1966, and under Part B of Title I of the Housing Act of 1949 (including fiscal year 1973 in the case of a locality receiving its first such grant).

As soon as practicable during the fiscal year, the Secretary would have authority to reallocate funds which are unobligated or expected to remain uncommitted in such a manner as he deems appropriate to achieve the purposes of the program.

The Senate bill would require that the community development agency hold a public hearing or publish its proposed application 30 days before submitting it.

The Secretary would be required to make his determination regarding any application and give written notice of his approval or disapproval within 90 days after submission unless the Secretary notifies the applicant in writing of his disapproval and sets forth the reasons with respect to performance by the applicant or the eligibility of proposed activities.

The Secretary would be required to reserve funds, to the extent necessary and feasible, to meet the housing requirements specified in the community development application to the extent he deems it necessary and feasible.

Community development assistance would broaden the activities which were previously eligible under urban renewal and other programs that are consolidated. There would be assistance for public services when these are not available in the locality through other federal programs. These "software" programs would serve persons residing in areas affected by community development activities. There would be technical or financial assistance to persons or organizations participating in the planning and execution of community development programs. This broadening of the scope of activities eligible under community development assistance will give localities a greater capacity and flexibility than has been available under categorical grant programs.

S. 3066 includes a 20% limitation on program expenditures which are not intended to be of direct and significant benefit to families of low or moderate income or to areas which are blighted or deteriorating, unless the Secretary finds modification of this limitation necessary to meet urgent community needs. We recommend that this provision in the bill be broadened to permit a larger expenditure to assure a proper balance between residential and non-residential development and to provide expanding economic opportunities.

The Secretary would be authorized to grant assistance only upon the basis of an annual application by a community development agency. A community development agency is defined as any State or unit of general local government. One or more public agencies, including existing local public agencies, may be designated by a unit of general local government to undertake the community development program, in whole or in part. While we concur in the desirability of recognizing units of general local government as being responsible to coordinate community development, it is necessary to utilize the valuable experience and expertise which has been developed through the years in existing local public agencies. We support the provision that the units of local government may designate existing local public agencies to participate in the community development program.

We support the foregoing provisions of S. 3066—and urge their inclusion in H.R. 10036, to the extent they are not already in that bill—except that we recommend the following amendments:

(a) Our support of the foregoing community development program is conditioned upon the continued availability, at an adequate level, of categorical grants for community development programs. We recommend continued categorical grant funding for FY 1974—for the categorical programs to be consolidated—which would equal a total of $3.7 billion. This should include $1.5 billion for urban renewal.

(b) We recommend larger authorizations for a three-year period for the consolidated community development program as described above.

(c) We recommend authorizing a 100% grant instead of a 90% grant. As explained above, if this is not done, we recommend the allowance of non-cash credits toward the 10% local share as described above.

(d) Since new communities have not participated in categorical grant programs during FY 1968 to FY 1972, which are used as a basis for grant entitlements, we recommend that adequate funds be reserved to provide grants to meet the community development objectives contained in new community development programs approved by the Secretary.

We recommend that most community development funds—and we believe this is contemplated under the language of the Senate bill—be required to be spent in project areas where the programs are comprehensive, such as those now undertaken in urban renewal and redevelopment programs. This will help to assure that the community development funds are utilized for eligible activities which will achieve national goals.

16. RECOMMENDED FUNDING FOR HOUSING ASSISTANCE AND COMMUNITY DEVELOPMENT DURING TRANSITIONAL PERIOD UNTIL NEW PROGRAMS BECOME FULLY OPERATIVE

It is necessary to provide adequate funding for housing assistance and categorical grants for community development during the transitional period until new programs become fully operative.

Transitional period until new programs become effective

Thus, in the case of the Revised National Housing Act in Chapter I, its provisions are to be effective at such dates as the Secretary shall prescribe, but not later than one year after the enactment of S. 3066. Likewise, in the case of low-income housing assistance in Chapter II, its provisions will not become effective until such dates as the Secretary shall prescribe, but not later than 6 months after enactment. While the community development provisions in Chapter III become effective upon enactment, it is recognized that they would not become fully operational until about a year later. At that time there would be no further categorical grants or loans under the programs which are being consolidated into the new block grants for community development.

There is no housing funding proposed in the budget for FY 1975 for those of moderate incomes. Moreover, the impoundments are continued of $293 million of contract authority for the programs under Section 235, 236 and rent supplements. Thus, in FY 1975, there are no additional authorizations proposed by the Administration for these programs, nor any further releases of these impounded funds. The budget continues to reflect the Administration's decision announced a year ago to terminate all federally assisted housing efforts, except a revised leased housing program financed through public housing which is unworkable in the form proposed. In consequence, there is no workable program proposed to meet the housing needs of low and moderate income families.

Moreover, the budget confirms the Administration's decision to continue the impoundment of over $900 million of funds previously appropriated for urban renewal, model cities, water and sewer, rehabilitation loans, open space and public facility loans. This includes an impoundment in FY 1975 of $277.5 million of the $600 million appropriated for urban renewal and no expenditures for urban renewal in that fiscal year except to meet past commitments. For most of the categorical grant programs for community development, there have been no funds available during FY 1974, except for very limited funding for urban renewal and model cities.

The Administration is continuing its pattern of stopping the flow of categorical grants before compensatory block grants are even approved or ready for distribution. This is a disastrous manner of handling the transition to the new block grant system by continuing to impound necessary funds and by failing to provide necessary additional appropriations for categorical community development programs. The viability of cities is jeopardized by such actions. The impoundments should be released and additional funding should be provided for categorical assistance for community development.

Recommended funding for housing assistance and categorical grants

We recommend the following funding to continue housing assistance programs and categorical grant programs during the transitional period until June 30, 1974:

1. Section 235—Program for Home Ownership Assistance:

Release of carry over of $220 million of contract authority for home ownership assistance under Section 235.

2. Section 236—Multifamily Housing Assistance:

Additional contract authorization of $180 million on July 1, 1974, plus release of carry over $52 million of contract authority for multifamily housing assistance under Section 236.

3. Rent Supplement Program:

Additional contract authorization of $50 million of contract authority on July 1, 1974, plus release of carry over of $13 million of contract authority for rent supplement.

4. Conventional Public Housing:

An additional authorization of annual contribution contracts of $175 million for conventional public housing.

5. Water and Sewer Facilities and Neighborhood Facilities:

An extension from July 1, 1974 to July 1, 1975 of the availability of authorizations for basic water and sewer facilities grants and neighborhood facilities grants, together with a release of the carry over of such contract authority for these programs.

6. Additional Authorizations for Urban Renewal:

An additional authorization for urban renewal of $1.5 billion on July 1, 1974, in addition to the release of the carry over of $277.5 million.

7. Model Cities:

An additional authorization of $400 million for model cities on July 1, 1974.

8. Comprehensive Planning:

An additional authorization of $75 million for comprehensive planning on July 1, 1974.

It is virtually important that we have this additional funding in order to continue all of the foregoing programs during the transitional period.

NEED FOR ADDITIONAL FUNDING FOR URBAN RENEWAL

We recommend a separate urban renewal authorization of $1.5 billion as stated above, in addition to the immediate release of the impounded authorization of $277.5 million. There is an urgent need for the expeditious completion of urban renewal projects and neighborhood development programs under previously approved plans. The amount authorized should be ample for the completion of all on-going urban renewal projects, including neighborhood development programs, in order to avoid a drain on community development grant funds. Except for outlays to meet previous commitments, the urban renewal program has been held in a suspended state as to new funding while we have been awaiting the enactment of a new community development program.

In addition, there is an urgent need for initiating urban renewal projects for new areas. In many cities, on-going urban renewal programs are reaching a stage of completion. Unless there is approval to initiate urban renewal projects in new areas, all renewal activities in such cities will shortly come to a halt. The established staffs with expertise will be lost due to a lack of program activity in the intervening period before the community development legislation is enacted and operative. Funding should be available to permit activities for the initiation of urban renewal in new areas, with provisions for the conversion of such projects for continued funding under the community development legislation when it is enacted.

The budget for FY 1975 shows that in FY 1974 only $322.5 million will be used of the $600 million appropriated and that no further funds are to be used in FY 1975. This underscores the urgency for action to provide the additional funding we recommend for urban renewal activities.

We urge rejection of the legislation proposed by the Administration which would give the HUD Secretary unlimited authority to terminate any existing categorical programs which are in progress and allow him to require a community to use its community development funds to complete that program—or if it gets urban renewal funds to complete, accept a reduction in the amount of its community development block grant. For example on an urban renewal project where there are temporary loans outstanding, those loans should be paid from the proceeds of land sales rather than diverting the new community development funds for this program.

The Senate bill would authorize the Secretary to terminate any urban renewal project as soon as practicable after consultation with the agency carrying out the project and the chief executive of the locality in which it is located, and to effect a financial closeout as if the project had been fully completed. Such closeout would be based on costs incurred and grants earned to the date of termination. All funds available at the time of closeout would remain available to the unit of local government in which the project is located. The Secretary would be authorized to condition distribution of funds under this chapter under such terms as he deems appropriate in order to repay temporary loans outstanding at the time of such closeout.

17. SUPPORT FOR AN EMERGENCY MORTGAGE CREDIT ACT OF 1973

Senators Sparkman and Tower (by request) introduced S. 2735 which is an Emergency Mortgage Credit Act. This legislation is intended to meet a number of critical problems, including additional authorizations for subsidized housing, urban renewal and model cities. The bill would also increase the availability of urgently needed mortgage credit for the financing of housing.

Additional authorizations for subsidized housing and community development programs

The bill includes a title to provide needed authorizations or extensions for the various HUD housing and community development programs through fiscal year 1975. It is essential that the housing programs for the nation's low and moderate income families have adequate funds to meet housing needs. Regardless of the amount of mortgage money available, these lower-income families cannot afford decent housing at today's prices without Federal assistance. It is also essential that there be adequate funds available to keep going such important programs as urban renewal, model cities and the other HUD community development programs.

The major provisions of the bill on additional authorizations include:

(1) $100 million of additional contract authority for the Section 235 Home Ownership Program on July 1, 1974, to supplement the $220 million of contract authority which has been impounded.

(2) $100 million of additional contract authority for the Section 236 Rental and Cooperative Program on July 1, 1973, and an additional $200 million on July 1, 1974, to supplement the $52 million of contract authority which has been impounded.

(3) $50 million of additional contract authority for the Rent Supplement Program on July 1, 1974, to supplement the $13 million of contract authority which has been impounded.

(4) $210 million of contract authority for public housing (in addition to the $140 million previously made available) and $250 million on July 1, 1974, which will be mainly used for the Section 23 leasing program.

(5) $1 billion of additional authorizations for urban renewal on July 1, 1974.

(6) $400 million of additional authorizations for model cities on July 1, 1974.

(7) $75 million of additional authorizations for comprehensive planning on July 1, 1974.

(8) An extension from July 1, 1974, to July 1, 1975, on the availability of funds for grants for basic water and sewer facilities and neighborhood facilities.

Elsewhere in these resolutions we discuss the totally unjustified moratorium that has been placed by the Administration on the HUD programs and how serious the suffering has been by those who would normally benefit from them. It is hoped that this moratorium will be ended, either voluntarily, by the Administration, or, if necessary, by the courts. If and when such an ending occurs, it is important that there be adequate authorizations available to get the programs moving again. These authorizations when appropriated would do just that.

Under the bill, authorizations would be provided for the programs through fiscal year 1975. In two cases, for the public housing and the 236 rental housing assistance programs, additional authorizations would be provided for this fiscal year 1974. In some cases, no new monies would be provided, but the authority to continue the programs would be extended through June 30, 1975.

Many of these programs are covered by the omnibus housing and community development bill. However, there is concern that such a bill would not be passed before mid-year of 1974. Furthermore, once such a bill becomes law, it will be necessary to provide funds for the new or revised programs, as well as for HUD to gear up with new regulations and procedures. All this will take many months.

The emergency bill is needed to insure that the existing HUD programs will continue until such time as the new or revised programs are enacted into law and become operational, with adequate funding. Thus, if there were a long delay in enacting new legislation, we would not reach the point when the new programs would become operational until some time during fiscal year 1975 or later. The existing programs would be phased out at the time that the new programs become operational. The bill specifically states this as the intention of Congress.

The needs of low and moderate income families and of our cities are too great to be allowed to suffer a hiatus. Many of the programs designed to meet undenied needs have been under suspension too long, and it is essential that we get them going again with adequate funds and authority to operate.

Mortgage credit relief

Very serious problems have arisen in the mortgage market. There is a lack of mortgage money and extraordinarily high mortgage interest rates for housing. In many states, there are usury limits on the maximum amount of mortgage interest that can be charged. The market rate exceeds this state usury ceiling and, therefore, there is no mortgage money available at any price. This bill will deal quickly with these problems.

During the month of January of this year, housing starts were down to a level of 1,486,000 on an annualized basis, which is nearly 1,000,000 units below the 2,472,000 rate of the same month in 1973. The rate of assisted housing starts in FY 1974 is estimated in the budget at 187,400 units which is 151,000 units less than the assisted housing starts in FY 1972. The level of housing construction is expected to get much worse unless the measures we recommend are adopted.

The provisions of the proposed Act will help to rectify some of these problems. It will increase the mortgage limits on FHA single family and multifamily loans in recognition of the substantial cost increase since these limits were last raised in 1969. It will raise the mortgage limits applicable to savings and loans and the secondary market operations of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. It will expand the ability of commercial banks to make mortgage loans and to finance the construction of housing. It will encourage greater flows of funds into thrift institutions as well as commercial banks by permitting 100 percent Federal insurance on deposits of public bodies as well as increasing the regular insurance limit on savings accounts from $20,000 to $50,000. It will increase the mortgage limit from $22,000 to $33,000 for purchases of mortgages by the Government National Mortgage Association under the tandem plan.

Bill is interim measure but does not detract from need for omnibus bill

There are many other things which need to be done as covered elsewhere in these resolutions. The proposals contained in this

bill represent a first step toward dealing with the recurrent crisis in the supply of mortgage money. Many of the matters covered by this bill are also covered in the omnibus housing bill. However, there is concern that the omnibus bill will not be enacted soon enough to deal with today's crisis situation. That is why this bill is needed as an interim step pending enactment of broader range, omnibus housing legislation.

At the same time, we urge Congress to push forward as quickly as possible with the completion of the markup and passage of the omnibus bill. The interim bill does not detract from the need for the omnibus bill.

In his statement on the Senate floor, Senator Sparkman stated that he and Senator Tower had introduced the bill, by request, because they had not had time to study all of its provisions and because they are still hopeful that the omnibus bill will move rapidly toward passage and eliminate the necessity for the interim legislation. He stated that the omnibus bill is a complex bill covering a broad range of subjects and will require more time to complete. He also stated that it was very important that it became law and he would not want any prior action on an interim bill to detract from its passage and early implementation. However, realizing the difficulties facing housing, he agreed to introduce the interim bill so that it could be studied and if conditions so require—such as the delay in passing the omnibus bill—it could be enacted into law at the appropriate time.

Separate Resolution Urging Immediate Passage of Emergency Mortgage Credit

The following special Resolution was adopted unanimously by the Board of Directors and the Membership urging the immediate passage of the Emergency Mortgage Credit Act of 1973 without awaiting the enactment of the omnibus housing and community development legislation:

Whereas, funding for all housing and urban renewal programs will expire on June 30, 1974, and

Whereas, omnibus housing and community development legislation may not be enacted and signed by the President by June 30, 1974, and

Whereas, local housing authorities and urban renewal agencies are already beginning to lose experienced staff, and will be out of business on July 1, 1974, and

Whereas, even if omnibus legislation is enacted at an early date, it could not result in operational programs until late in Fiscal 1975, and

Whereas, it is imperative for local housing authorities, urban renewal agencies and developers to know now what the situation will be during the next fiscal year so that they can proceed with intelligent and responsible planning, and

Whereas, the Emergency Mortgage Credit Act of 1973 (S. 2735) would provide needed authorizations and extensions for the various HUD housing and community development programs through Fiscal Year 1975 and would increase the availability of urgently needed mortgage credit for the financing of urgently needed new housing, now therefore be it

Resolved, That the National Housing Conference at its 43rd Annual Meeting, held at the Statler Hilton Hotel, Washington, D.C., on March 3–4, 1974, in order to insure the continuity of vital housing and community development programs, strongly urges the immediate passage of the Emergency Mortgage Credit Act of 1973 by the Congress without awaiting the enactment of the omnibus housing and community development legislation hereinabove referred to; and thus such Emergency Act remain in effect until an acceptable omnibus bill is enacted by both houses of the Congress and signed by the President, and

Be It Further Resolved

That copies of this resolution be transmitted forthwith to the Chairmen of the appropriated Congressional committees and subcommittees with our urgent request that the emergency legislation herein requested be acted upon immediately.

18. PROGRAM TO ELIMINATE ABANDONED HOUSING, INCLUDING PRESERVATION OF EXISTING HOUSING AND NEIGHBORHOODS

Housing abandonment is one of the major problems facing our older cities. The phenomenon represents a paradox in that it often occurs in cities and neighborhoods where there is a severe shortage of sound housing. Often the buildings are of substantial original construction and the basic skeleton is still sound, although its facilities, walls, floors, windows, etc., have deteriorated. There does not appear to be any single cause for abandonment but there are a number of conditions which have been found to correlate with high incidence of abandonment. These include: general neighborhood decay with a high incidence of physical deterioration and high percentage of families with social and economic problems; tax delinquency; absentee white landlords owning buildings occupied by black and Spanish-speaking families, and which buildings were managed by an agent or superintendent rather than the landlord himself; high neighborhood crime rate; the building's financial structure and market conditions under which it is not possible to secure sufficient rents to meet operating costs (to extent necessary for sound maintenance) and generate a profit, particularly where there is little or no "sweat equity" input to maintenance and it is necessary to absorb the costs of a "middle-man" agent; and lack of mortgage and investment interest in the neighborhood.

Once the process of abandonment starts, it feeds on itself at an accelerating rate. An abandoned building is a visible and dramatic symbol that block deterioration, and then total neighborhood decline, is under way. Many abandoned buildings become the scenes of crimes and fires. These tend to discourage occupancy of the adjacent buildings; then the block, and finally, the neighborhood.

Many basic tools are needed to alleviate the problem and to prevent its recurrence. They will require heavy governmental investment in dollars and program management resources. We will not attempt here to get into all of the details of necessary tools but rather we want to suggest a broad framework, as follows:

(a) In those neighborhoods where present private owners no longer find it possible to profitably operate housing and maintain it at a decent level, there needs to be a quick and simple method of acquisition by public entities, quasi-public housing corporations, limited dividend corporations and perhaps community profit oriented corporations operating under public supervision.

(b) A massive program of easily available federal subsidies needs to be available to bridge the gap between tenants' ability to pay and the necessary costs for maintenance. These can be forthcoming through traditional tools, e.g., Section 23, Rent Supplements, Public Housing acquisition, Section 235–236, capital grants . . . or through a new flexible tool. In any event, this should be a production subsidy only available where it will be used for a tenant who will be moving into a specific sound housing unit (as against the housing allowance concept).

(c) Funds must be available for tearing down structures which are of obsolete design, or have deteriorated to a point beyond possible rehabilitation. In these instances, federal investment capital must be immediately available for building on the vacant sites.

(d) A parallel effort, again requiring heavy federal and state subsidies, must be made to achieve a sound neighborhood. This means superior security systems (e.g., police protection, street lighting, drug treatment and prevention programs), superior school systems, adequate community facilities, adequate health services as well as removal of physical blighting elements.

(e) Experiments such as "urban homesteading," scattered site cooperatives and condominiums, community management corporations, and others need to be encouraged. Undoubtedly, a diversity of approaches will be necessary in order to solve the problem. HUD has recently released 4,000 units to local governments for use under urban homesteading programs.

It is difficult to establish a necessary price tag for the program. It will be expensive, but the very survival of our cities is at stake. When one considers the dollar investment in our cities which is to be protected and enhanced, the price will be a cheap one to pay.

To start with, it is suggested that a pilot program be authorized for neighborhoods in different cities. Each program should cover an entire neighborhood.

From the experience derived under a pilot program, it should be possible to determine which measures are effective in solving the problems of housing abandonment. There would then be more meaningful data as to costs and techniques to enable the formulation of a program to meet this serious national problem. Legislative hearings will provide an opportunity to obtain further recommendations to improve the proposed program in a manner which is best calculated to achieve the desired results.

Provisions in S. 3066 to preserve existing housing and neighborhoods

S. 3066 would express the feeling of Congress that achievement of housing goals would require a greater effort to encourage preservation of existing housing and neighborhoods, and that such effort should concentrate to a greater extent on housing and neighborhoods where deterioration is evident but not yet acute. The scope of the President's annual report to Congress would be extended to include an assessment of developments and progress, together with an indication of future efforts in preservation of deteriorating housing and neighborhoods.

S. 3066 would authorize grants for demonstrating the feasibility of providing assistance to increase housing locational opportunities for lower income families by conserving and expanding the supply of housing in standard condition affordable to such families. It would require that the housing be in areas located within reasonable proximity to major employment opportunities and sufficiently dispersed so as to avoid excessive concentration and spread the responsibility for supporting services among several localities. The grants would be made to general purpose local governments, local public agencies designated by such governments, or regional combination of such governments, and could not exceed the actual cost incurred by a locality in carrying out eligible activities. Such activities would include the provision or improvement of local public and social services, improvements of the management and supervision of programs and services designed to provide increased housing opportunities for lower income families, payment of land acquisition, demolition or relocation expenses, and such other activities approved by the Secretary as furthering the purposes of the demonstration.

We support the foregoing provisions in S. 3066 and urge that similar provisions be included in H.R. 10036 to the extent they are not in that bill.

19. RURAL HOUSING

With the exception of public housing, HUD programs do not address the housing problems of rural areas. Such areas have 60 percent of the nation's substandard housing, but only 30 percent of the population. If the country's urban crisis is to be solved, a direct federal effort must be implemented to stem the flow of the young, the low income and the educated families emigrating from most rural areas. Housing must be a major tool of this policy. While the Farmer's Home Administration (FmHA) has rapidly expanded its subsidized housing program since 1968, Administration officials have conceded that FmHA programs are not serving low-income families; the programs were not designed to do so. Programs are needed to fill this gap.

S. 3066 and H.R. 10036 are urban bills; any rural provisions such as subsidy distribution are not only incidental, but inadequate. Institutions to develop low or moderate income housing do not exist in sufficient number or strength to insure an equitable urban-rural federal housing policy. The lack of financial institutions is only a part of the problem. Additional or improved financial institutions are not the solution, as the Administration's recommendations suggest. Not only are reforms of FmHA programs essential, but a program directed toward a system of low-income housing delivery must be established. The Rural Housing Bill of 1973 fills both needs (S. 2583; H.R. 10902).

Title I of the bill would establish the Emergency Rural Housing Administration as an independent federal agency with grant and loan funds for homeownership and rental housing programs. Loans and grants for rehabilitation, long available for urban residents, would be authorized with a partial deferred payment mechanism for homeownership. Rent supplements would be authorized for low-income rental occupants, a program never established for the FmHA 515 rental program.

These programs would be carried out by the creation of Rural Housing Organizations (RHOs) in areas not presently served adequately by public housing authorities or state housing entities. Such institutions would fill the void of rural institutions that the Administration's housing message alluded to. With the recent cut in FmHA staff, the county office system—while commendable for direct contact with loan recipients—is increasingly burdened with non-housing loan projects.

Title II of the bill amends the present FmHA programs and expands their area of operations to towns of less than 25,000 population—the cut-off point for most HUD programs. The amendments bring an equity to FmHA programs that have not existed since their inception in 1949.

Since 1949, Congress has recognized the necessity of a separate rural housing program. With the consolidation and reform of urban programs in S. 3066 and H.R. 10036, it is time to redirect the rural housing effort. Many essential rural housing programs remain terminated or frozen, such as the water and sewer grant program, and the 514–516 farm labor housing program. The Administration's recommendations are pitifully inadequate; the major housing bills, S. 3066 and H.R. 10036, do not attempt to deal with the problem. Until there is a recognition of the necessity to enact the Rural Housing Bill of 1973, the rural poor will continue to bear the brunt of the misery and the suffering of a massively disproportionate share of the nation's substandard housing stock.

20. URBAN GROWTH AND NEW COMMUNITIES

NHC urges the full utilization of the Urban Growth and New Communities Development Act (Title VII of the Housing and Urban Development Act of 1970) to help take care of the increased urban population, relieve city congestion and provide building sites at reasonable prices. There is an urgent need for new communities which are carefully planned with housing, shopping, industry, transportation, schools, hospitals, open spaces, recreational and cultural facilities.

Adequate federal grants should be authorized and made available to public and nonprofit agencies to assist all necessary new community projects and programs. Such federal grants should be made for water and sewer facilities; waste disposal; hospitals and health centers and services; mass transportation; parks and beautification; recreational and cultural facilities; public buildings and public works; neighborhood facilities; and other essential public services and facilities. To meet the needs of new communities, special provisions are required in the pending legislation to provide block grants for community development programs.

21. RELOCATION

NHC has long sought an adequate program of uniform relocation assistance. Now we urge full use and implementation of that legislation and all other laws providing relocation assistance. This includes the measures required to assure the availability of replacement housing prior to displacing people through new developments. NHC urges the repeal of the unrealistic and erroneous requirement that local public agencies absorb one-third of the cost of expanded relocation payments. To remedy this situation, the Senate has passed S. 261 and we urge the House to pass a similar pending bill, H.R. 3271.

22. EQUAL HOUSING OPPORTUNITY AND FREEDOM OF CHOICE

(1) NHC has always been committed to equal opportunity for all American families to secure good housing in good neighborhoods. It again reaffirms this position. Equal opportunity in housing is now the law of the land—both by statute and by court decree. Yet this opportunity is still denied to millions of American families throughout every section of the land because of their race, color, creed or national origin, or because of the myth which exists as to their desire or ability to pay for and maintain good homes. To overcome this denial of opportunity and to dissipate these myths, an urgent task is facing the nation.

(2) NHC has long supported the principle of a competitive housing market open to free bargaining by all American families without regard to racial or ethnic background. Many localities have been limited in achieving this objective, however, because of inadequate supplies of low and moderate cost living accommodations and the congestion of many minority group families in limited sections of the community.

(3) We urge the President and the Congress to take all steps necessary to provide an equal opportunity for housing. This includes full and adequate appropriations to achieve equal opportunity for all American families to secure good housing in good neighborhoods. We urge the Administration to take necessary affirmative actions to achieve this objective.

(4) We should provide an opportunity for freedom of choice in our housing programs. The choice of individual or cooperative home ownership or rental housing and the choice of city, suburban, new town or country living must not be limited by race, color, religion or national origin. With housing in each development available for a cross-section of income groups and a broader market, we can provide freedom of choice to people of all incomes to select where they want to live.

(5) Community discrimination against subsidized housing should be removed as it is a most serious constraint on the availability of building sites for low and moderate income housing. We recommend legislation which would prohibit States and local public bodies from discriminating against housing subsidized by the federal government, whether through legislative or administrative action. The legislation should authorize suits by interested parties, as well as the Attorney General, to enjoin such discriminatory action. The legislation should be strengthened by providing for federal preemption of local zoning upon an appropriate finding by the Secretary of HUD, so as to require opponents rather than proponents to initiate litigation.

(6) The effect of the current moratorium upon minority enterprises which were nurtured by subsidized housing programs has been disastrous. The stoppage of planned subsidized projects has hit hardest those minority-owned businesses involved in the housing industry. These firms lacked the financial resources to withstand even minimal production cutbacks and many went out of business.

(7) The incidence of housing segregation in the cities and suburbs continues to increase. In 1972, federally assisted programs began to require a number of affirmative actions to help expand housing opportunities beyond racial ghettos. Subsidized housing has done more than any other housing program to provide new opportunities for minorities to escape the confines of ghettos, to move nearer to new job opportunities and to improve the quality of life and environments necessary for minorities to escape the confines of ghettos, to move nearer to new job opportunities and to improve the quality of life and environments necessary for minorities to become a part of our overall society.

(8) There has been a tremendous cutback in these assisted programs without a concurrent replacement with other programs designed to increase housing opportunities and housing choices, at prices most minorities can afford to pay. This has caused incalculable harm, further disillusionment with the federal government and increased racial unrest. It has prolonged the fulfillment of the government's policy to assure every American a decent home in a suitable environment.

23. NECESSARY IMPROVEMENTS AND ACCELERATION IN HUD PROCESSING

In his recent speech before the Annual Convention of the National Association of Home Builders, Secretary Lynn stated flatly that there will be a need for FHA for a long, long time and that there will always be good mortgage risks that require FHA assistance. He further stated that one of his top priorities for the period immediately ahead is once again to provide timely FHA processing services in the offices that fail to do so, without sacrificing the important social goals built into the law. He said that a team of experts is being put together who will go directly into the area and insuring offices that appear to need help and do what needs to be done.

NHC feels that this action is long overdue since there have been intolerable delays and inequities in processing in many HUD offices. We recommend that HUD take all actions necessary to keep currently committed programs in operation in a reasonably efficient manner. It is essential for HUD's leadership to establish a program for production objectives for new and rehabilitated housing based on quality processing, and to direct these objectives to area and local offices with specific designations by: (a) program; (b) office; and (c) fiscal quarters.

This would require: (1) review of available personnel; (2) review of flow of approvals; (3) institution of target dates for stages of processing; and (4) avoidance of stop and go processing. Where necessary, HUD should use teams of troubleshooters.

We are still receiving reports concerning reductions in the staff involved in processing and production. We urge a review of avail-

able personnel to assure that these staffs are adequate—with such increases as are necessary—to provide prompt processing.

We favor a program to revitalize and streamline operations. This should include the adoption on a nationwide basis of those techniques and processes which have proven successful when tried in a limited number of offices. This includes the contemplated HUD nationwide extension of the San Francisco Plan. This contemplates an initial processing—with major responsibilities placed on the lender—for site appraisal and market analysis, which is limited to acceptance of the site, land value and obtainable rents. The feasibility stage of processing is discontinued. The later conditional commitment stage would consider the other items of processing, including cost estimates, the management plan and affirmative marketing.

HUD should also expand its efforts to test other processing innovations which are designed to shorten processing time. One technique to be explored should be the placing of responsibility on pre-qualified lenders to handle more of the processing themselves, subject to their certification as to compliance with applicable HUD requirements and a post audit. Where pre-qualified lenders do not provide quality processing on such matters, such pre-qualification authority would be removed. This new technique would represent an extension to multifamily housing of similar actions taken in certain offices on single family homes under the Accelerated Processing Program. The Accelerated Processing Program on single family homes should also be extended on a nationwide basis for single family homes.

We recommend that HUD keep current with its construction cost data and that it process cases on such current costs. It is also necessary that HUD utilize more realistic trends as cost factors to reflect anticipated cost increases and inflation. Such higher factors are justified in the light of our historical experience, particularly during this inflationary period. Abuses can be avoided since actual costs will be determined in the cost certification. Some projects which were released from the freeze are encountering serious problems in HUD offices which are requiring developers to build at their earlier cost levels which are unworkable.

It is also necessary that HUD adopt a realistic policy in allowing mortgage increases where actual costs are substantially higher than HUD's estimates, including construction costs besides non-construction costs. As a matter of equity, mortgage increases should be allowed in such cases, provided that the market will support the accompanying rent increases.

There should likewise be a realistic policy in meeting the requirement that the market rents be comparable. It should be recognized that there are certain costs involved in projects financed with a HUD-insured mortgage which involve social goals required by law, such as prevailing wages, equal opportunity, environment, management and affirmative marketing programs. These entail additional costs which should be recognized through appropriate adjustments in determining comparable market rents.

Likewise, we recommend that HUD keep current with its operating cost data and that it recognize such current costs at the time a project is started. Particularly during this inflationary period, HUD should discontinue the practice of looking back at earlier operating cost data and delaying approval of necessary rent increases. Such actions help to contribute to defaults which can be avoided.

Finally, we recommend that HUD keep current in the determination of income limits for assisted housing in metropolitan areas throughout the country. When income limits are used that do not reflect increases that have occurred during this inflationary period, people who urgently need housing are being denied the opportunity to get it even though units are available. Moreover, the market is being unnecessarily restricted because of unrealistic income limits which help to create vacancies and contribute to defaults.

Better processing of programs administered by public agencies

In addition to the foregoing actions to improve HUD processing in the private housing programs involving mortgage insurance and assistance, it is also necessary to assure better HUD processing and administration of programs administered by public agencies, such as urban renewal and other categorical programs for community development. HUD should redefine its role to concentrate on major policies and on constructive leadership in executing federal laws and to grant greater local autonomy to local government and agencies in undertaking and operating projects involving HUD aid. NHC believes this HUD role would constitute creative federalism.

The expenditure of federal monies should be subject to broad federal guidelines. Through the years, there has been a continuing increase in the burden and detail of HUD controls over local operations in the conduct of HUD-aided programs. HUD controls should be eliminated which are not required by federal law.

As to matters involving public agencies which now require prior HUD administrative approval, HUD should expedite programs by waiving such prior approval in cases where the public agencies will certify and proclaim that they have complied with all of the enumerated administrative requirements of HUD. Upon such certification covering all applicable administrative requirements, the public agencies should be allowed to proceed with their program, subject to post audit by HUD that the public agencies have conformed with their certifications.

HUD should accelerate processing, production and decision-making by federal and local officials and by participants in all HUD programs, including the establishment of time schedules for all actions required. There should be a time limit for submission of applications.

After applications have been approved and allocations made, there should be a time limit for contracting and execution. With respect to requirements for HUD approval after a contract or commitment is issued, there should be a recognition that HUD has a certain period within which to act; and, failing such action on matters requiring HUD's approval, the proposal to HUD should hereby be accepted and considered approved.

24. IMPACT OF ENERGY SHORTAGE ON HOUSING

We will briefly identify some of the impacts we anticipate from the energy shortage. The energy shortage will have a further depressing effect on housing production and sales. It will further contribute to the recession which we have anticipated and which was partly caused by the impoundments and the moratorium in housing and community development in 1973 and 1974.

With the oncoming recession and the increase in unemployment and inflation, we expect the Government to take affirmative action to try to increase production in federally-assisted and other housing programs to meet urgent needs and stimulate the economy and relieve unemployment. Unfortunately, the actions taken to date do not appear to be workable or effective. Elsewhere in this report we recommend measures which would make them more effective. Housing should be called upon to help bring the economy out of a recession, including a revival of subsidized housing programs.

Additional housing production and rehabilitation can be utilized as a means of promoting energy conservation. New or rehabilitated housing can appropriately include such energy saving measures as: more insulation; the use of double or triple glazed windows; storm doors and windows; weather stripping and winterizing; the use of better designed heating systems; techniques to reutilize waste heat that is generated in the home; and, when it is determined to be feasible after a HUD-assisted pilot program, the greater use of solar energy.

The Emergency Petroleum Allocation Act of 1973 directs the President to promulgate regulations for mandatory allocation of fuel oil. One purpose is to provide, to the maximum extent practicable, for protection of public health, safety and welfare. This includes maintenance of residential heating such as individual homes, apartments and similarly occupied dwelling units.

There are several instances where federally assisted housing projects have been unable to obtain an allocation of oil or natural gas for heating purposes. Additional regulations should be promulgated that establish the priority claim of federally assisted housing developments—whether FHA, subsidized or public housing—for fuel allocations. While some projects yet to be developed have been particularly hard hit, and their feasibility imperiled, the same priority ought to apply to the heating of existing units for which there is an outstanding federal subsidy.

The price of heating oil has increased by more than 300% in the Northeast and there have been other very large increases elsewhere in the country. This has created a serious problem in housing projects generally, including multifamily housing which is federally assisted. In the case of some privately owned projects involving no federal subsidies, the owners are facing such serious losses in operating their projects that there is a threat of further housing abandonment.

In the case of public housing, the local housing authorities are unable to collect sufficient additional income from the projects to meet these increased costs of heating fuel and other utilities, so they are in need of additional operating subsidies. The amount of operating subsidies requested by the President for FY 1975 includes a $50 million increase from the $350 million authorized last year to $400 million. We recommend a further increase to $500 million as provided in S. 3066.

We support programs which will achieve a reduction in prices on fuel oil to a more reasonable level. This will relieve housing projects of the serious problems which they are facing in endeavoring to collect sufficient income to meet their increased costs of operations. It will also help to relieve tenants of the large increases in rents that they are facing.

The gasoline shortage should result in a greater emphasis on the use of land within urbanized areas which are closer to employment and which have mass transportation. Large metropolitan areas have been permitted to sprawl into a low density form of development. It is difficult to serve such low density patterns of development with efficient mass transportation facilities. This form of development places a reliance on the automobile as the sole means of transportation to work, shopping, education and cultural facilities. The energy shortage, if properly handled, can put an end to leap-frog patterns of development at the urban fringe, namely, those single family houses on large lots or widely separate subdivisions unsupported by adequate public facilities—which makes the land cheaper.

The energy shortage may stimulate programs to bring industry into urban areas so that jobs will be available to those who can use mass transportation. This may result in meeting a need for providing a source of financing at the municipal level for such in-

dustrial development. Another financing alternative would be through the issuance by local public agencies of federally insured bonds to raise money for loans for industrial development that will produce jobs for those who live in urban areas and can utilize mass transportation.

The increased costs of fuel will result in increased costs in housing construction and operation. Energy shortages are likely to result in design changes to achieve greater fuel conservation.

Construction materials dependent upon petroleum for production may be in short supply, such as plastic products. However, alternative materials may be available to some extent, such as copper, steel, aluminum or concrete in place of plastic pipes. As to short supplies, the problems may be ameliorated due to the lower anticipated volume in housing and other construction and the resourcefulness of industry in increasing production in response to the market demand.

Program under S. 3066 to utilize solar energy

We support the provisions of S. 3066—and urge that a similar provision be included in H.R. 10036—which would amend Title V of the Housing and Urban Development Act of 1970 to authorize the Secretary to undertake, and make contracts, grants or provide other types of assistance for special demonstrations to determine the economic and technical feasibility of utilizing solar energy for heating or cooling residential housing. The demonstrations should involve both single and multi-family housing located in both urban and rural areas having distinguishable climatic characteristics, and could include demonstrations of new housing design or structure.

S. 3066 would authorize the Secretary to utilize any federally assisted housing program in the actual planning, developing and occupancy of the housing, and set aside any inhibiting development, construction, design or occupancy requirements for any demonstration. It would require the Secretary to include in any demonstration a full evaluation, and to report to Congress any demonstration within a specified time.

25. GUARANTEE OF STATE HOUSING BONDS

S. 3066 would authorize the Secretary to guarantee the principal, interest, and premium on State housing finance agency bonds to be used in financing housing for low-, moderate- and middle-income families and persons in accordance with State law, provided that the income on such bonds is subject to Federal taxation. The use of such guarantees shall not be a condition to any other assistance under the Act. It would further authorize contracts to make grants to cover not more than one third of the interest which the issuing State agency must pay on guaranteed taxable bonds.

The Secretary would be required to approve a State housing finance agency for guarantees if it operates in a State where additional housing is needed beyond that contracted by the private market, has a program meeting the housing needs of all persons, has established priorities consistent with community development programs, seeks to avoid an undue concentration of low income persons and to promote equal opportunities, operates in a State where adequate supplementary resources are available, and has the capacity to carry out the program.

We urge first that OMB circular A-70, which removes the tax-exempt status of State Housing Agency revenue bonds, be withdrawn. If it is not, we support the foregoing provisions of S. 3066—and urge their inclusion in H.R. 10036, to the extent they are not already in that Bill.

26. ADDITIONAL RESOLUTIONS IN APPENDIX WHICH COVER OTHER IMPORTANT MATTERS

In the foregoing statement, we have presented some of the major resolutions involved in proposed housing assistance and community development programs. There are other important resolutions described below which are in the Appendix. These are not being printed in the Congressional Record, but are available from the National Housing Conference upon request.

No. 1. Recommended Amendments

We list the amendments which we are recommending in S. 3066 and H.R. 10036, including those proposed above and in the attached Resolution No. 1.

No. 2. Equitable Treatment in Programs

The Administration is arguing that it is unfair to help some of the people who need housing unless help is given to all who need it. Yet the President's message makes it clear that the Administration is not proposing to adopt an equitable program now. It says it *may* later decide upon a program of cash assistance for housing. If so, it would be started only with some of the elderly poor. In contrast, the housing laws previously enacted and the proposals in S. 3066 and H.R. 10036—with our recommended amendments—would provide equitable treatment for those of low and moderate incomes who need help to get decent housing. There is a 10-year goal to provide adequate additional housing to meet the housing needs of these income groups.

Past laws have provided additional authorizations each year for such additional housing construction and rehabilitation and this would be continued under S. 3066 and H.R. 10036. When people know that such additional housing is scheduled to meet their needs, they are prepared to wait their turn. These housing programs provide equitable treatment which is designed to serve all who are equally in need and to assure that they get housing of good quality.

No. 3. Release of Impounded Housing Funds

The President's release of impounded housing funds was less than one-third of all the monies that were impounded under Sections 235, 236 and rent supplements. The Federal District Court in Washington, D.C. has held that the President does not have the constitutional power to impound such funds. To clarify the record, we urge that the Congress reassert its continuing intention that the Secretary cease any suspension of these housing assistance programs or any withholding of funds for them. A continuing program is necessary to meet urgent housing needs, stimulate the lagging economy and relieve unemployment. We recommend that authorizations of additional housing assistance in S. 3066 and H.R. 10036 become effective on the date of enactment of the legislation or on July 1, 1974, whichever is earlier.

No. 4. Existing Programs Have Been A Success

NHC has found that most of the complaints and criticisms about HUD programs did not involve new construction or rehabilitation under Sections 235 or 236. We have concluded that these programs have generally been effective in meeting their objectives and that their continuance is imperative (in the improved form proposed in S. 3066 and H.R. 10036, with our recommended amendments) to provide housing which is urgently needed by those of moderate incomes.

No. 5. Comparison of Findings and Conclusions from HUD Study with Program Facts Relating to Program Equity

This resolution presents a critique of HUD's basic conclusions on present Section 235 and 236 programs in relation to the income groups being served and the question of the program equity. For a comparison between HUD's conclusions and program facts on program viability and program efficiency, see Section 14 of the Main Report.

No. 6. Need for Adequate Operating Subsidies in Public Housing

NHC readopts last year's resolution in the attached Resolution No. 6 recommending necessary actions to meet deficits in public housing projects, including: (1) full payment of the HUD operating subsidies which are needed; and (2) the collection of more income from residents of public housing. Our recommendations as to how to increase income from public housing are contained in this Resolution.

No. 7. Actions To Help Alleviate Housing Credit Problem

The President's message recognized that there is a present famine with respect to mortgage credit and that higher interest rates and down payment requirements are pricing too many families out of the housing market. The message announces several administrative actions and legislative proposals to meet the problem. In the attached Resolution No. 7, we support these proposals, except for the one that would remove the limits on interest rates for FHA insured and VA mortgages. We feel there should be a continuing control of these interest rates along with additional measures to reduce interest rates.

No. 8. Consolidation and Simplification of Housing Laws

We are pleased that Secertary Lynn approved the consolidation and simplification of existing laws. However, we support the provisions to accomplish this which are in S. 3066 and H.R. 10036, instead of the proposals of the Administration in S. 2507 and H.R. 10688. The latter bills would remove many major matters of policy from legislative determination. It would substitute administrative decision in areas which have properly been decided by Congress historically. We completely and vigorously disagree with the aspect of the Administration's bills which would discontinue subsidized housing programs of the character covered in Sections 402 and 502 in S. 3066 and H.R. 10036.

No. 9. Program To Achieve a Reasonable Range of Income in Projects

We are pleased to note that S. 3066 and H.R. 10036 are designed to achieve an economic mix in projects. Moreover, the bills provide for a flexible housing assistance formula which will make it possible to serve a cross-section of families.

We believe that economically integrated housing developments are a key factor in achieving sound and wholesome communities—not just housing. We should seek to avoid the present segregation of a stratified low-income group in assisted housing, as this often creates unhealthy communities. Under the foregoing program, it would be possible to achieve economic integration on new projects during tenant or resident selection for initial occupancy. On existing projects, it is not intended that any families would be evicted in order to achieve economic integration; rather a cross section of income groups can gradually be achieved as existing tenants or residents move and others are selected to fill vacancies. It should be recognized that there is a need for increased production of public housing units in order to adequately serve the lowest income persons under a program involving economic integration. We reaffirm our past resolutions that the federal government has a responsibility to assure that all low income people are adequately housed.

No. 10. Amendment To Assist in Assuring a Reasonable Range in Income Levels Among Tenants

To assist in accomplishing the objective in S. 3066 and H.R. 10036 that each assisted project have a reasonable range in the incomes of occupants, we recommend the amendment in Resolution No. 10. This amendment would provide that 20% of the dwelling units may be occupied by tenants who have incomes at the time of initial occupancy which do not exceed the median income for the area as determined by the Secretary.

The Senate bill as reported contains this amendment. We urge that it likewise be included in the House bill.

No. 11. President's Impoundments Were a Formula for Disaster

The President's suspensions and impoundments of housing funds were a formula for disaster. Serious problems were created which will lead to new urban crisis in the future, increased inflation, and a recession. With the cutoff of housing assistance for those in low and moderate income groups, the pipeline of previously committed housing starts will have virtually dried up by mid-1974. Filling that pipeline again will take another 18 months. As a result the housing industry is due for extremely lean years between 1974 and 1976. Meanwhile, people of low and moderate income will be denied decent housing they otherwise would get with HUD's assistance.

No. 12. Presidential Suspension of Programs Was Unconstitutional

The widespread actions taken by the President in impounding appropriated funds and contract authority and suspending programs was unconstitutional. This is fully documented in the attached Resolution No. 12. Judge Charles R. Richey of the United States District Court in Washington, D.C., has ruled that the President did not have the Constitutional power to make these impoundments and this decision is now on appeal.

No. 13. Amendments to Provide Consumer Protections

We recommend the amendment in Resolution No. 13 to provide consumer protections and to avoid past abuses in housing with HUD insured mortgages. The amendment will require that all housing constructed with HUD mortgage insurance or assistance must be of good quality. The House bill includes this amendment, and we urge that it be added to the Senate bill.

No. 14. Amendment to Establish Reserve Fund to Meet Increased Operating Expenses

We recommend the amendment in Resolution No. 14 to provide that excess charges be credited to a reserve fund to be used by the Secretary to make additional assistance payments to meet increased costs above the initial operating expense level. S. 3066 provides for such additional assistance payments—and we recommend a similar provision for H.R. 10036—to pay such increases in operating expenses which are not offset by required increases in tenants' rentals. The proposed reserve fund would assure that money is promptly available for such assistance payments. Moreover, it would make it clear that the operating deficits resulting from increased operating costs are being met from operating surpluses resulting from excess rental charges paid to the Secretary. The Senate bill now includes this amendment. We urge it likewise be added to the House Bill.

No. 15. Pilot Program for Urban Homesteading

We support the pilot program for urban homesteading as an imaginative means of reusing abandoned or vandalized houses owned by cities or HUD, by providing an incentive to people to occupy and rehabilitate them. They are being offered the reward of obtaining free title in return for their investment of some of their resources and labor to rehabilitate the houses and continue to occupy them.

No. 16. General Housing Policies

We recommend the programs and policies summarized in Resolution No. 16 in addition to those set forth elsewhere in this Report. Illustrative of the matters covered are: that federally assisted housing should provide adequate space and facilities and meet proper standards for comfortable living; that measures be taken to assure the availability of enough land, at reasonable costs, to achieve our housing goals; that site selection criteria should be amended; and that rehabilitation programs for slum areas are not intended to be containment programs for present residents, who should have an opportunity to move into other areas.

27. RESOLUTIONS ADOPTED LAST YEAR

The resolutions adopted last year included a historical summary of each housing and community development program, including its legislative authority and appropriations; also the amendments which NHC recommended in legislation relating to each program. Since there has been no new legislation on these programs since last year, it is not necessary to present a new summary this year. We refer you to last year's resolutions for summaries and recommendations on existing programs and for resolutions on any subjects not fully covered in this report.

This year's report is concerned with current problems, including the President's message and budget sent to Congress, the effects of the continued impoundments and the suspension of housing and community development programs. The major part of this report relates to pending bills and our recommendations concerning them, including amendments which we deem necessary in the bills which we support.

28. CONCLUSION

In summary, referring again to the President's housing message, we have strong objections to its failure to recommend the adoption of an adequate program now to meet the urgent housing needs of those of low and moderate incomes. As substitutes for the battery of housing programs that we had prior to their suspension by the Administration, we are offered a Section 23 program—which is unworkable—and a limited release of 236 funds. While the release of some 236 funds will help, the limited measures taken are indeed objectionable as wholly inadequate to meet the need. The promised housing allowance program is objectionable on the ground that it is not designed to produce the additional housing that is needed. As an experimental program, it will produce few units, with little impact on the housing needs of our nation.

Recent events have increased the urgency for action to increase the production of housing for those of low and moderate incomes and to stimulate our depressed economy and relieve unemployment. In January of this year, housing starts were down to an annual level of 1,486,000 units, which is nearly 1,000,000 units below the rate of the same month a year ago. Without funds for additional subsidized housing and with a lack of mortgage money and high interest rates, we expect the level of housing construction to get much worse. This will increase unemployment and further depress our economy at a time when we are already facing greater unemployment and a recession accentuated by the energy crisis.

The rehabilitation of housing and the production of new housing will help relieve the energy crisis by reducing the consumption of fuel which is so scarce. Such housing will have improved heating systems, insulation and storm windows which will cut the need for fuel.

These factors—together with the critical need for housing to serve those of low and moderate incomes—emphasize the urgency for prompt action to carry out the recommendations in these resolutions.

We do not support the Administration's apparent belief that we can survive with virtually no workable assisted housing programs to be offered by it until mid-1975. We urge the Congress to reinstate our existing programs which are workable—with the improvements in the Senate and House bills—to avoid the disastrous social and economic consequences of no workable programs. We support S. 3066 and H.R. 10036 with amendments as presented in these resolutions. We look forward to early passage. We deplore the Administration's rhetoric that pretends that promises are an acceptable substitute for action.

REPORT ON VISIT TO MILITARY ACADEMY

Mr. GOLDWATER. Mr. President, as a Senate member of the Military Academy's Board of Visitors, I visited the Academy as a member of the Board on Wednesday, the 24th of April. While a full and more comprehensive report will be forthcoming to the President, at which time I will make that an entry in the RECORD, I think there are two things that should be called to the attention of my colleagues at this point. One is the true story of cadet attrition and the other the dire need for improvements in the gymnasium.

I will discuss cadet attrition first.

I ask permission that the report be printed in the RECORD.

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

CADET ATTRITION

BACKGROUND

Over the last twenty years, the USMA position toward resignations has varied from a "hard out" to a "sensible out" policy. Thus, the Academy's resignation policies can be characterized as both rational, realistic, and responsive to current trends and attitudes among today's youth.

Attrition is a subject which must be examined with great care and also must be related to specific factors such as attrition in civilian universities, college attendance by American youth, historical trends in West Point attrition, and attitudes among today's youth.

Historically over the last half a century, West Point attrition has hovered about the 30% line. That is to say, of those who enter in July, around 30% fail to graduate four years later.

About two years ago, the American Council on Education did a study which revealed attrition factors for civilian colleges. Among other things, the council discovered that in the average four-year college in America 53% of those who entered freshman year would not be present at graduation four years later. Considered against this record, USMA attrition is considerably lower than the national figure for civilian colleges.

Other studies on American education show that 50 years ago only 4% of the college-age population attended college. Now approximately 40% of the college-age population attend college. Moreover, there has been a tremendous increase in the available number of colleges, junior colleges, technical schools and other educational experiences

from which to choose. Finally, there has been a great expansion in scholarships available for young people whose academic achievements are of the kind of desired in West Point candidates. These factors have two effects at West Point. The first is to provide a variety of choices for those who are seeking a college level education. For many young men, West Point used to be the *only* chance for a college education. Now, it simply is one of many alternatives. The second effect derives from this situation. Formerly, a young man who had no other possibility of college would hang on at West Point until thrown out for academic failure. Today, a young man with other opportunities will resign and take an "incomplete" on his record rather than have to explain an "F" to the Registrar of his new college.

Except for the fact that at the end of every major war there has been a dramatic rise in cadet resignations, attrition at West Point has hovered at about 30%. Similarly, there is a drop in resignations during the most active part of major wars. There are several reasons for this. One is that during a major war, a young man who drops out of West Point will be drafted. For many, this is an unattractive option. Also and unfortunately, during a war, many young men consider and look for the best way to serve rather than whether to serve. On the other hand, after a major war, promotions slow down and the training task that always faces the Army looks less glamorous than the challenge of leadership in combat. This prospect discourages some. Lastly, the inevitable anti-militarism which follows a war, combined with highly publicized investigations of service academies which also seem to follow, helps to drive up the cadet attrition rate.

The last factor that must be taken into consideration is the attitude of youth. Last spring, *Fortune* magazine, in an article commenting on college students, called the current situation with respect to young people in America the age of instant gratification . . . an age in which if success is not significant and quick there is a great tendency to shrug shoulders and quit. This trend carries with it the age of instant dropout. While the number of new cadets who drop out of West Point the first two months is down from last year's experience, those who did drop out did so much faster. Sadly, our experience shows that about one quarter of the first hundred to drop out will later write and beg for readmission. The Army is a stressful environment and for this reason West Point, in training young men for that environment, must be stressful. Some new cadets simply cannot adapt to stress. It is well that we find this out before much money has been spent on them. A "hard out" rule which would prohibit resignation during the first two months probably would salvage half of the first one hundred who leave. However, in this age of suicide gestures, even possible suicides, the adverse public impact would far outweight the gain in salvaged cadets.

As far as the financial cost of cadet attrition is concerned, it should be noted that two-thirds of the cadets attrited from any given class are so separated prior to the completion of their fourth class academic year. The public funds thus expended upon them, when compared with the total expended upon those who remain and successfully accomplish their four years of education and training at the Military Academy, are minor.

PROPOSED BOARD RECOMMENDATION

Concerning recent publicity on attrition rates at the academies, the following is suggested as a proposed formal recommendation to be used by the 1974 Board of Visitors for inclusion in its *Report* to the President:

"That the Department of Army recognize that the recently publicized comparisons of student's attrition rates at the Military Academy and certain Ivy League and other colleges are highly inaccurate; that Department of Army continue to support recognition of the fact that not all young men admitted to West Point will develop into officers of the high quality that the Army demands, and that some cadet attrition is indeed necessary if that high quality is to be maintained."

Mr. GOLDWATER. Next, I would like to bring us up to date on attrition because in February of this year Newsweek and the Army Times wrote articles stating that the West Point attrition was 39 precent and rising and then made a comparison with the Ivy League attrition. But the preparation of this article was done in a loose and false way and the results published were completely inaccurate. I have called the attention of this inaccuracy to Newsweek magazine, but I have not had time to hear what they intend to do about it.

So, to update attrition:

UPDATE ON ATTRITION

1. There are continued signs that the precis on attrition was an accurate prognosis on what was going to happen. Attrition at West Point is going down—not up. In November 1972, 17 cadets left West Point. In November 1973, 3 cadets left West Point. From 1 December 1972 through 15 February 1973 (which includes term end separations) 60 cadets left West Point. In the some period this year, 37 cadets left West Point.

2. Additionaly, this summer was the first Beast Barracks we have had in which a sizable number of Fourth Classmen indicated at the end of it that they had expected it to be harder and were disappointed that it was not more of a challenge.

3. Newsweek and Army Times both wrote articles stating that West Point attrition was 39 percent and rising, while the comparable Ivy League attrition was 7 percent. 39 percent is our postwar peake (Class of 1974) and reflects the resignations from 1970 to 1972. 1975 will be somewhere around 35 percent, and 1976 will be back to the normal 33 percent. 1977 is running several percentage points behind 1976 at an equal period in time.

4. The 7 percent figure for the Ivy League colleges is a hoax. We called three Ivy League engineering colleges which have curricula of the rigor as ours, their attrition averaged 35 percent. The same figure for three non-Ivy League engineering colleges of some distinction was 45 percent. In February 1973, the U.S. Office of Education said that dropout rates in 4-year colleges were as high as 52 percent. They also found the dropout rate in the Class of 1971 nationwide in 4-year colleges to be 53.7 percent. Thus, with the exception of 1974 which is our typical postwar aberration, we normally run lower than all the other colleges. Even the Class of 1974 is below all but the Ivy League engineering college average.

And following that, Lieutenant General Knowlton has made a statement on attrition which I would like to make a part of this report at this point.

PRECIS OF LIEUTENANT GENERAL KNOWLTON'S STATEMENT ON ATTRITION

1. Attrition within the United States Corps of Cadets is a subject that must be examined with great caution. It also must be related to specific factors: attrition in civilian universities; college attendance by American youth; historical trends in West Point attrition; and attitudes among today's youth.

2. Historically for the last half a century, West Point attrition has hovered about the 30% line—in other words, of those who enter on the 1st of July, around 30% will not graduate four years later. About two years ago, the American Council on Education did a study which produced attrition factors for civilian colleges. They discovered that, in the average four-year college in America, 53% of those who entered freshman year would not be present at graduation four years later. Thus, our attrition is considerably lower than the national figure for civilian colleges.

3. Similar studies on American education show that 50 years ago, only 4% of the college-age population attended college. There has been a tremendous increase in the numbers of colleges, junior colleges, technical schools, and other educational experiences. Furthermore, there are effective programs of scholarships for young people whose academic achievements are in an area we consider. This has two effects at West Point. The first derives from this situation. A young man who is seeking a college level education. West Point used to be, for many young men, the only chance for a college education. Now, it is one of many alternatives. The second effect derives from this situation. A young man who had no other possibility of college would hang on until thrown out for academic failure. Today, a young man with other opportunities will resign and take an "incomplete" on his record, rather than have to explain an "F" to the Registrar of his new college.

4. I have said that attrition has hovered about the 30% line. There is one notable historical explanation as shown on the attached chart: At the end of every major war there has been a dramatic rise in cadet resignations. Similarly, there is a drop in resignations during the most active part of a major war. There are several reasons for this. During a major war, a young man who drops out of West Point will be drafted. During a war, many young men consider the *best way* to serve, rather than *whether* to serve. After a major war, promotions slow down and the training task looks less glamourous. This prospect discourages some. Lastly, the inevitable antimilitarism which follows a war, combined with highly publicized investigations of service academies, helps to drive up the cadet attrition rate. The chart shows that we are right on the historical curve, although the curve has steadily amplified as each succeeding war has occurred.

5. The last factor that must be taken into consideration is the attitude of youth. *Fortune* magazine last spring, in commenting on college students, called this the age of instant gratification. But it carries with it the age of instant dropout. While the number of new cadets who drop out of West Point the first two months is down from last year's experience, those that did drop out did so much faster. My experience shows me that about a quarter of the first hundred to drop out will later write and beg for readmission. The Army is a stressful environment; some cadets cannot adapt to stress. It is well that we find it out before much money has been spent on them. We have attempted to find tests which will tell us in advance the retainability of an applicant. While some developments give us a rough indication, there are serious exceptions to make us very cautious in applying such tests as candidate screening. A "hard-out" rule which prohibits resignation during the first two months would probably salvage half of the first hundred who leave. However, in this age of suicide gestures and possible suicides, the adverse public impact would far outweigh the gain in salvaged cadets.

6. As a final note, we cannot accept the categorization phrase used to distinguish between *academic and aptitude* separations, and *motivational* separations. I have reviewed in detail every file of every resigning cadet since I became Superintendent. A large number of so-called motivational departures are concealed aptitude departures or concealed academic departures. This is the category

I mentioned earlier—those who do not wish to explain a failure and who leave before the failure becomes official. Mailing out a questionnaire as to why people left will not give you an authentic answer. The best answer on why young men leave is contained in the two indorsements within the resignation file which are signed by the Company Tactical Officer and by the Regimental Commander. A large number of resigning cadets refuse to face up to the real reason for their departure.

7. As a final note, the quality of a class is sometimes a factor of attrition. This year's First Class has the highest attrition in some years. Yet, it is an outstanding First Class and the best which I have seen as Superintendent. We should be careful in relating high attrition to failure; in this case higher attrition has given us greater success.

My colleagues will see that the attrition rate at West Point is better than most colleges in the country, or maybe I should have said the attrition rate is less than most colleges in this country, and when it is compared with colleges giving the tough engineering academic courses given at West Point, it is far better than most of them.

The largest number of young men in the history of the Academy are waiting to be selected, and they total almost 11,000. The highest number ever recorded before was slightly under 10,000.

This is a real healthy indication that young men are once again becoming interested in military careers.

Now I would like to touch very briefly on cadet training as it applies to the need for increased physical education facilities. As background:

CADET TRAINING: THE NEED FOR INCREASED PHYSICAL EDUCATION FACILITIES

BACKGROUND

1. The gymnasium is one of the oldest buildings still in existence at West Point. The major portion was constructed in 1910 with additions completed in 1935, 1947, and 1970. In the expansion of the Academy, less that 4½% of total expansion funds have gone into PE and athletic facilities. A new swimming pool, a few additional playing fields, and modification of the North Gymnasium represent the only facilities made available or improved using expansion money.

2. The present facilities were designed to accommodate a Corps of 2,700. Now that the Corps totals approximately 4,000 cadets and is likely to increase to 4,400, additional facilities are clearly essential. Currently, the need is partially met by overcrowding, by use of hallways, and by limiting the number of cadets in the various programs. Significant and of special interest is the fact that the inadequacy of the physical education and athletic facilities at West Point has been recognized by the Review Panel on Intercollegiate Athletics and Physical Education, a collection of experts in these fields which assessed USMA in these terms in 1972. In April of that year, this body stated, "It is inconceivable to the panel members that this wealthy and powerful nation would allow the athletic and physical education departments [at West Point] to function with the mediocre facilities which currently exist."

3. Because of the lack of facilities, cadets do not receive full benefits of significant parts of physical training. Present overcrowded conditions cause some 500 cadets per intramural day to be without adequate indoor physical activity five months each year. The existing area for wrestling consists of 13,000 square feet, the area for boxing 7,000. Both are inadequate. In addition, there are only eight handball courts to support cadet instruction, intramurals, activities of the Handball Club, and free play. Simultaneously, these same courts are used by officers and enlisted personnel for tournaments and free play. By comparison, USAFA, with almost the same program, has a 100% greater area for handball. Less than 40% of all cadets receive handball instruction due to an insufficient number of courts. In addition no areas now exist for judo, karate, and fencing. These activities are accommodated in areas designated for other purposes and results in late evening scheduling.

4. Locker space at USAFA is approximately twice that of USMA. Only Fourth Classmen (Freshman) and varsity athletes whose particular sport is in season have lockers in the gymnasium. Additionally, there are a limited number of lockers for the officers of the staff and faculty. No lockers are available for enlisted personnel of the post.

5. Since 1964, the expansion in man-hours of PE in the cadet curriculum has increased 76% in instruction and 100% in intramural athletics. Against this significant increase in load, the expansion request in question asks for only a 25% increase in space. Schedules have been adjusted in every way possible in order to make maximum use of the present indoor facilities. All space is crowded and becoming more so each year. No gymnasium in the country is used more than the USMA gym, morning, afternoon, and evening. It operates from 0745 to 2200 on a daily basis with only a slightly reduced schedule on Sunday. Throughout this entire time, 80 to 100% of the indoor facilities are in use for some activity. In addition to cadet use, the gym is used for inter-league competition, practice, and recreational play for officer, enlisted, and dependent personnel at West Point as well as by the Youth Activities Branch of Recreational Services for practice and competition in basketball, gymnastics, judo, wrestling, and swimming for the youth of the post.

6. The proposed project will modernize the USMA gym and correct its most significant deficiencies, among which is a severe shortage of combatives gyms. The expansion plan provides four of these. A detailed discussion of facilities now in use and other gym addition improvements is at Annex A.

7. A vital part of this project is the modification of Building 639. This work is necessary to enable the administrative offices of the Director of Athletics to be moved out of the gymnasium and into this new location. In the process, the administrative offices of OPE can be consolidated and made significantly more efficient. At present, these offices are scattered over four floors of the gymnasium. This situation makes coordination and control difficult. Under the gym expansion plan, the administrative offices of OPE would move to the area on the first floor now occupied by the administrative offices of the Director of Athletics. Current OPE administrative area then will be converted to critically needed combatives and special exercise areas.

8. While the proposed addition to the gym will give adequate space for an enlarged Corps of Cadets, it still will not provide first class facilities. Initial efforts to expand the gymnasium were made in 1965. In 1968 a renewed attempt was made which would have added 1,000,000 square feet of space at a cost of about $6 million. In 1970, an additional plan was created to add 68,000 square feet at a cost of approximately $12 million. Now in 1974 the plan calls for 28,000 square feet at a cost of approximately $8 million. Considering the tremendous need for space there is no choice but to make every effort to secure approval for the gymnasium addition in the MCA 75 program. If we wait any longer, additional construction will become so expensive that it will be extremely difficult to obtain even that level of expansion which will bring the gym facility from unsatisfactory to adequate.

DETAILED DISCUSSION OF FACILITIES

The following detailed information regarding the urgent need for the gymnasium addition is submitted for consideration:

1. General

a. Office of Physical Education activities to be accommodated by the gym addition.

(1) Instruction
(a) Boxing
(b) Wrestling
(c) Self Defense
(d) Handball
(2) Intramural wrestling
(3) Intramural handball
(4) Individual physical conditioning
(5) Reconditioning and corrective exercise
(6) Multi-purpose teaching stations (fencing, karate, judo, volleyball)
(7) In-season supply and repair space for instructional and intramural equipment.
(8) Administrative support area

b. Director of Athletics activities to be accommodated in Bldg. 639.

(1) Ticket sales
(2) Football coaching staff
(3) Other coaching staffs
(4) Office of the Director of Athletics

c. The requirement derives from the already overcrowded condition of the gym and from the increase in strength of the Corps of Cadets.

d. The project is urgent because there is insufficient space to meet present requirements for the physical training program. When the Corps reaches full strength of 4417, the inadequacy will become so acute that even with multiple scheduling some 500 cadets will not be able to participate in winter intramurals and will have no replacement indoor organized physical activity during the winter period. This urgency is further amplified because present cramped scheduling does not permit proper sanitation and disinfecting in the wrestling area.

e. Savings which will be effected amount to approximately $46,000 per year in man-hours for set-up and rearrangement of areas which now must be used for consecutive but unrelated activities.

f. The normal daily load that this project will handle during the academic year is 1100 cadets from 0800–1515 and 1300 from 1515–1800. From November to April, the normal daily load from 1515–1800 is increased to 200.

g. The supply and repair area for instructional and intramural equipment will handle an active inventory in the amount of approximately $5,000,000.00.

2. Facilities now in use

a. Present accommodations for instructional and intramural boxing are two rooms encompassing an area of 7,470 square feet. The area is used seven hours/day (for instruction, 4 hours/day over 6 days/week and for intramurals, 3 hours/day over 4 days/week). When not in use for boxing, this time area is used for other combatives. During non-scheduled hours, the area is used by cadets for individual physical conditioning.

b. Accommodations for instructional and intramural wrestling area rooms originally designed, respectively, as a wrestling teaching station, a classroom, and handball courts. There are two of the latter so used. The total area is 13,000 square feet. As with boxing, the area is used 7 hours/day (for instructions, 4 hours/day over 6 days/week and for intramurals, 3 hours/day over 4 days/week). During hours not scheduled for instruction and intramurals, the area is used for varsity wrestling practice and cadet individual activity. This area also is used for combatives.

c. The OPE Supply and Repair facility is in the basement of the gym. It consists of

two separate rooms and two narrow tunnels under the old swimming pool deck alongside the pool wall. The area involved totals 7,300 square feet.

d. Accommodations for the Office of the Director of Athletics presently are located on first floor of gym and consist of an approximately 24,000 square feet area.

3. Analysis of deficiency

a. The gymnasium was constructed in increments which, with the exception of the FY 1966 addition, the natatorium, were intended to support a cadet population of 2523. The increase to 4417 causes the building to be decidedly overcrowded. Because of the overcrowded nature of the entire gymnasium, the Physical Education program now is not optimum and will be made even less so when the Corps of Cadets ultimately increases to 4417. Considering the USMA mission, these conditions are unacceptable.

b. The areas used by boxing, wrestling, and combatives are not large enough. There is no provision for fresh air in these humid, heavily used rooms. The ventilation system recirculates approximately 85% of the stale air; it is not uncommon for stale air to be present for 48 hours subsequent to a two-hour wrestling session. Aside from the boxing and wrestling areas, no area now exists for combatives (unarmed combat, judo, and karate). The areas used for these three activities cannot continue to be used to satisfy requirements nor to satisfy expanded requirements because they are inadequate in size, improperly ventilated, not conducive to proper sanitary and disinfectant practices, and overcrowded to the point of presenting a safety hazard in the form of bodily injury through interference.

c. Overcrowded conditions leave no areas available for intramural teams to practice or to warmup.

d. The only spaces available for cadet individual and off-season conditioning are the running track, the weight room, and the handball court balcony. A number of small group practices now are held in hallways.

e. The major portion of the gymnasium is poorly ventilated which causes it to have an odorous atmosphere. Removal of boxing, wrestling, and combatives to an adequately ventilated environment will materially increase the habitability of the entire building.

f. Many groups tour the gymnasium as a part of USMA visits and orientations. These groups include, but are not limited to, the Board of Visitors, educators, leaders of business and industry, parents of cadets, cadet candidates and potential cadets, and parents and coaches from visiting schools and surrounding communities. The overcrowded and poorly ventilated nature of the gymnasium is distasteful to these people, all of whom are influential in causing young men to consider or not to consider attending the Military Academy.

g. Other areas (besides those used by boxing, wrestling and combatives) are scheduled for unrelated but consecutive physical activities during the course of each day. For example, instruction in gymnastics and competition in intramural basketball and wrestling all take place in the East Gym (second floor) at different periods during the day. This multiple usage results in excessive "wear and tear" of supporting equipment as well as in labor costs to rearrange the areas.

h. The OPE Supply and Repair facility, already too small, has increased its inventory from $350,000 in FY 1972 to $500,000 in FY 1974. With this 43% increase in supplies, the existing area cannot support even the active and in-season Physical Training Program. The area is used from 0700 to 1800 Monday thru Thursday, 0700 to 1730 Friday, and from 0700 to 1130 Saturday. The number of cadets outfitted annually encompasses 19 different intramural sports for 36 cadet companies. The facility additionally must support all cadet instruction and the normal operation of the gym including the repair and maintenance of all intramural sports equipment.

4. Consideration of alternative facilities and locations

There are no alternative facilities or locations which could be used to alleviate the deficiency other than Building 639. This building is included in this project as a place to house the Office of Director of Athletics facilities now located in the gym. Certainly, further overutilization of the present building does not represent a reasonable alternative. Such usage would result in an even less satisfactory physical education program than is now the case.

The total cost of this improvement in the gymnasium facilities will be roughly $9 million and is included in the amount being asked in this year's construction authorization bill. This is not a lot of money, and, frankly, I hope that the Senate and the House will see fit to pass it without any changes.

Frankly, after inspecting the building several times, I feel that we would be better off with an entirely new facility. But the cost of this would run into hundreds of millions of dollars, and I know that this is not obtainable at this time, so the best we can do is the improvements suggested by the engineers at the Academy.

One more observation made while on the scene was that the Eisenhower Hall, which is in effect the student union building, is practically completed and will be in use for graduation exercises. This is by far the most beautiful thing of its kind I have ever seen in this country and will give the Academy a long-needed facility to take care of the needs of the entire corps of cadets and the needs of the corps as it relates to their families, and so forth.

I urge my colleagues to visit the Academy whenever they have the chance to see the improvements that have been made over the past several years. I am sure you will be impressed.

RECESSION AND NATIONAL PRIORITIES

Mr. CRANSTON. Mr. President, everyone knew the economy was in bad shape. But it still came as a shock to learn from the statistics that things are even worse than we thought.

The rate of inflation in the first 3 months of this year was equal to a thundering 14.5 percent yearly rise—the worst in nearly a quarter of a century. Simultaneously, the U.S. economy skidded into the sharpest downturn since the recession of 1958. Our gross national product actually receded 5.8 percent.

Clearly, the President has been unable to improve the situation. I voted against continuing wage and price controls after April 30, precisely because I believe further Presidential manipulation of the Nation's economic machinery can only make matters worse. So the economy is turning back in the direction of a free market economy, with private enterprise, organized labor, and consumer groups having a greater voice in the decision-making, and the role of Government reduced a little. I think there is some cause for optimism in that.

Many economists believe that much of the current increased inflation is not caused by domestic demand. They believe, instead, that international events regarding food and fuel, excessive American spending overseas, our trade problems, and—at home—low productivity and inadequate competition are the factors lying at the root of our inflation. They believe, as do I, that we need new emphasis on encouraging the kind of brisk American competitive spirit that builds not only better mousetraps but cheaper ones. More competition in getting things done will make better use of our man and woman power, drive down prices and breathe new life into our economy.

Government must do its part. We in the Senate have passed the Budget Control Act to set up machinery in Congress to scrutinize all money requests and impose an annual spending ceiling.

Military expenditures are the most inflationary. They do not produce goods or services people can use, nor do they all really contribute to national security. Are we any safer because we now have more three- and four-star generals and admirals than we needed at the height of World War II? Is our country more secure because of the $30 billion we spend each year on nearly 2,000 foreign bases and installations—many of them obsolete—in some 30 countries around the world? I doubt it. This kind of wasteful spending drains our domestic resources and adversely affects our balance of payments. We are made militarily and economically weaker—not stronger.

Our current inflation started with the huge costs of the Vietnam war. Up to now we have spent more than $150 billion on that tragic war. Now the Nixon administration has asked for another $474 million for a total of $1.6 billion—this year for General Thieu of South Vietnam. I am strongly opposed to further wasteful assistance to his corrupt Saigon regime, and to excessive, extravagant, unnecessary military assistance and foreign aid we give to so many other dictatorships—in betrayal of our domestic principles and at the sacrifice of a stable economy at home.

Then there is the matter of the tax money the Government never collects. A respected tax research group here in Washington estimates $78.6 billion will be lost through tax loopholes in 1975.

If we collected all of that money it would almost pay for the Pentagon budget. And it would more than pay all the social security checks for 1 year. One-eighth of that figure would provide a million new jobs; 1/500th would buy the Santa Monica Mountains for a public park. The full amount would run the city of San Francisco at its current budget for 156 years.

Actually, many of the so-called loopholes are entirely just and worthwhile—like deductions for social security income or interest on home mortgages. But too many are unfairly loaded in favor of cer-

tain large corporations and wealthy individuals, and they should be eliminated.

There are many more spigots on the Federal Treasury. Uncle Sam still foots the bill for a Federal Board of Tea Tasters and the Interdepartmental Screw Thread Committee.

So we do not need to turn our backs on veterans, the unemployed or the elderly in order to keep down Government spending. Poverty, joblessness and ill health need not be tolerated for lack of funds. We don't have to rob consumers of their purchasing power or wreck the environments to stimulate the economy.

It is a matter of rearranging national priorities: of cutting back on unnecessary overseas military spending, plugging up unfair tax loopholes and special privileges for the wealthy, and putting the money to better, more productive use here at home.

Congress and the administration must agree to take these steps if we are going to control inflation and reverse a worsening recession.

SUDDEN INFANT DEATH SYNDROME

Mr. MATHIAS. Mr. President, the mystery of sudden infant death syndrome—which has long left the medical profession baffled and parents psychologically and emotionally distraught—has remained virtually unsolved. There are no facts or figures on how extensive SIDS actually is, although the estimates are surprisingly high. It is known, however, that no race, sex, or socioeconomic group is safe from its threat.

In recent years, the excellent work of such deeply concerned groups as the International Guild for Infant Survival, established by Saul and Sylvia Goldberg in 1964 after they, themselves, became the parents of a victim of SIDS, has brought the seriousness of sudden infant death syndrome to the attention of the Congress. Aided by the work and support of such committed individuals, the House and the Senate successfully passed S. 1745, a bill which authorizes funds for the research and study of sudden infant death syndrome. I was particularly pleased to learn that the President signed this important measure into law on April 22, 1974—Public Law 93-271.

The passage of this legislation lends new hope for expanded investigatory research into the problem. Such work would be particularly timely in light of results which have recently been obtained by several medical researchers at the Pennsylvania State University, who believe that they may have found a possible cause for sudden infant death syndrome. The new law would authorize funding to pursue the task that these scientists have begun, thus moving us ever closer to that day when we will know a sufficient amount about the disease to enable preventative measures for the first time to be taken.

Mr. President, at this time I ask unanimous consent to have the article from the Washington Post which reports the findings of the Pennsylvania State University doctors printed in the RECORD.

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

[From the Washington Post, April 12, 1974]

CRIB DEATH CAUSES TRACKED

(By William Stockton)

A group of medical researchers say they have found that unexpected infant deaths may be caused by a chronic deficiency of oxygen in the blood.

Cause of "sudden infant death syndrome," sometimes called crib death, has long mystified medical experts and often leaves parents stricken with guilt that something they did killed their baby.

Studies by Pennsylvania State University doctors indicate infants do not die suddenly as had been believed but instead are victims of a chronic ailment that might have existed undetected for months.

If doctors can find an accurate means of identifying such newborns, it is possible they can be treated and their deaths prevented.

As a result, Dr. Richard Naeye, a Penn State pathologist, and Dr. Richard Leadeberg, medical examiner for the City of Baltimore, are searching for clues in the infant brain. They hope to find a brain connected respiratory defect that permits the blood oxygen deficiency to develop.

Naeye said, however, that research results which can be put to use are not near at hand.

"The landscape is littered with memorials to other researchers theories that weren't correct," Naeye observed. "We've made some progress but the brain is such a complicated organ."

Naeye said the aim is to identify factors in the infant that make him a high risk for crib death.

"Then we'll know which children to direct our clinical attention to if we are to prevent this disease," he said.

Sudden infant death syndrome is the biggest killer of babies in the United States between one month and one year of age, an estimated 10,000 deaths a year.

The death usually occurs during sleep without warning. Parents who left an infant sleeping peacefully a few minutes before return to the crib and find the child dead.

Many parents have attested to feelings of guilt, fed by worry they somehow were responsible.

Occasionally circumstances lead authorities to investigate the possibility a victim was a homicide victim.

The first encouraging finding about crib death came two years ago when Dr. A. Steinschneider of the New York State University Upstate Medical Center in Syracuse discovered a relationship between apnea and crib death.

It is apnea when an infant unexplainedly stops breathing during sleep. It is not uncommon and most infants resume breathing within a minute without help. The condition disappears after about six months of age.

But Steinschneider found that infants who experienced a high rate of apnea seemed predisposed to sudden infant death syndrome.

This finding set Naeye and his colleagues to examining crib death victims for respiratory abnormalities. They discovered such infants had more muscles around the arteries that supply blood to the lungs.

This indicated hypoxia or blood oxygen deficiency.

Naeye's results were reported last fall. He now has found that crib death victims also have more pigmented or brown fat around the adrenal gland more than normal infants.

Naeye said he isn't certain how this fat relates to crib death. But he views it as another important marker for the disease.

"The most important thing is that we've turned up the first evidence that something connected with sudden infant death syndrome has been going on for some time," he said.

"We found it is a chronic abnormality. In the past we thought that some acute event lead to death."

DEMOCRACY NOT DEAD IN LATIN AMERICA

Mr. CHILES. Mr. President, Alfonso Lopez Michelson has won an impressive mandate from his people in Presidential elections a week ago Sunday in Colombia. He has won 2½ million votes, 1 million votes more than the runner-up, Conservative Party candidate, Alvaro Gomez Hurtado. He has also gained what looks like a solid majority in both Houses of Congress. This election is the first wide-open election in Colombia since 1958 when the Liberal and Conservative Parties in Colombia decided to share power through an arrangement called the National Front. The fact that Lopez and his Liberal Party have generated the large mandate they have indicates that democracy is alive and well in Colombia.

Abstention in Colombia is normally quite high. The prearranged nature of the National Front seemed to stifle interest in politics and resulted in a steadily declining voter turnout. Between 1958 and 1966 the percentage of people voting in Presidential elections fell from 58 percent to 40 percent. By 1970 discontent had grown considerably. The candidacy of Gen. Gustavo Rojas Pinilla, who challenged the National Front candidate, revived interest in the election and brought out just over 50 percent. Whereas Rojas Pinilla all but won the 1970 election, his daughter Maria Eugenia won less than 10 percent in this election. It appears that abstention in this election was mostly among Conservatives and Rojas supporters, indicating some dissatisfaction within their ranks with their own candidates rather than a protest vote against the system as a whole as in the past.

All this, Mr. President, bodes well for democracy in Colombia and shows solid public support for Lopez Michelson. Now the mantel of responsibility falls on him to keep that support alive as he implements his program. This is the difficult task now. In democracies it seems that as decisions are taken, opposition develops and governance becomes increasingly difficult. I find it both interesting and encouraging that the President-elect is cautious about his clear mandate citing, as he has, cases in the United States where clear victories at the polls have withered away in the course of a few years. Being a longtime student of politics as well as a significant political leader in his country over many years, I am confident that he will bring great intelligence and judgment to the Presidency of Colombia.

I had the distinct honor and pleasure last August of meeting with Sr. Lopez Michelson in Bogotá and discussing a wide range of issues with him. I then journeyed to Cali, Colombia, where I had an opportunity to attend a political rally

at which the President-elect spoke to his people. Colombians have made a wise and good choice for their next President and I send my heartiest congratulations to him.

Mr. President, I am further encouraged by this election because it is not an isolated event in the hemisphere but is rather one of several recent elections which have brought strong new leadership to Latin American governments. The election of Carlos Andres Perez as President of Venezuela in December of last year and that of Daniel Oduber as President of Costa Rica in February have given evidence that democracies in Latin America can bring to national leadership men of great capability and stature. They also show that despite political differences and diverse political parties, Presidents can still be elected by clear mandates.

Over the last several years the military has become an increasingly important factor in politics in Latin America as political parties and civilian political leadership have found it more and more difficult to hold sufficient public support to govern effectively. These three elections provide new faith that free democratic elections are still viable means of choosing national leadership. Having the opportunity to get to know personally Alfonso Lopez Michelson, Carlos Andres Perez, and Daniel Oduber, I am convinced that these are men who themselves have strong commitments to democracy and to effective leadership for their countries. I believe their elections augur well for good government in these countries of longstanding importance and friendship with the United States. I wish each of them well in the challenging tasks ahead.

For the interest of my colleagues, I ask unanimous consent that the following articles of these three men be published in the RECORD.

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

[From the New York Times, Apr. 24, 1974]

THE PRESIDENT-ELECT OF COLOMBIA

(By Lawrence Van Gelder)

With his thinning gray hair, horn-rimmed spectacles and subdued dress, Alfonso López Michelson, the President-elect of Colombia, gives the impression of a British clubman. The impression is enhanced by an air of irony and detachment that was in evidence yesterday when the 60-year-old law professor and former foreign minister held his first news conference since his overwhelming victory in the elections on Sunday.

Mr. López revealed not so much elation as trepidation at the size of his victory; with 90 percent of the votes counted he has 2.5 million, or one million more than his nearest rival.

"I confess that I look with fear at the large number of votes we won because historic experience shows that heavy votes have not generally been favorable to the winners," he said.

A U.S. PRECEDENT

Like a lawyer buttressing his case with an apt precedent, he cited the presidency of Lyndon B. Johnson, who won an overwhelming victory over Senator Barry Goldwater in 1964 only to see his popularity eroded by the Vietnam war.

The President-elect, who will take office on Aug. 7, said his Liberal party Government would be center-left and would act first on the party's platform: constitutional reform, alteration of the civil code to give equal rights to women, legislation to regulate monopolies and reorganization of the inefficient Agrarian Reform Institute.

He assured Conservatives that they would continue, as stipulated in the Constitution, to share with Liberals Cabinet posts and political appointments such as governors and mayors for the next four years.

For the last 16 years, Colombia has been governed by a coalition of Liberals and Conservatives, with the two parties alternating in the presidency and sharing legislative seats and other political posts. The system was created to stem the often bloody rivalry between the parties. This year was the first since its adoption in 1958 which Colombians could freely choose their President and legislative representatives.

A LEFT-WING LIBERAL

The man they elected President made his career as a left-wing Liberal, founding a splinter of the party that he called the Liberal Revolutionary Movement.

Born in Bogotá on June 30, 1913, Mr. López attended primary school in the capital and received his secondary education at the Lycée Pascal in Paris, the French Lycée in London and Saint Michel College in Brussels.

He began his law studies at Bogotá and obtained his law degree at the University of Chile.

He taught administrative law at Bogotá National University and other institutions and practiced as a lawyer in Bogotá, alternating his career and politics.

Politics was in his family. A big factor in his triumph was the reputation of his father, Alfonso López Pumarejo, as a great reformer and Colombia's best President this century. The elder López was elected for two terms, beginning in 1934 and 1942, but did not complete the second, resigning amid charges that his son—now the President-elect—was involved in shady financial dealings. The charges were not proved and the case was not an issue in this year's elections.

ELECTED A SENATOR

After founding the Liberal Revolutionary Movement, the younger López made his first bid for the Presidency in 1962, but was defeated. He was elected a Senator, opposing the Liberal-Conservative coalition and advocating rapid social reforms and relations with Cuba.

In 1967, Mr. López made his peace with the orthodox Liberal party leadership and, returning to the fold, served first as governor of César department on the Venezuelan border in 1947 and 1968 and then as Foreign Minister from August, 1968 to 1970 under a Liberal President.

During the recent campaign, he tried quite obviously to live down his radical past, presenting himself as a middle-of-the-road reformer, evading delicate issues and taking no strong stands.

The President-elect is married to Cecilia Caballero de López. They have three married sons.

[From Saturday Review World, Apr. 20, 1974]

THE PROMISING PÉREZ

Architect of the counter-guerrilla force, one-time hard-liner, Carlos Andrés Pérez emerges as a Venezuelan president who will be tough on oil but dedicated to democracy

(By Pierre Salinger)

CARACAS.—"We're waiting for Carlos Andrés!" For months after last December's elections, this cry was heard on every street corner and in every village in Venezuela.

Rarely have I visited a country where there was such an air in expectancy over the inauguration of a new chief of state. The wait was so long because the presidential elections are held early in December and the new government does not take power until the second week in March. But Venezuela is unique in many ways. It still believes in the quaint idea of democracy on a continent where revolutions, coups, and dictatorships have become a way of life.

Now the wait is over. Carlos Andrés Pérez Rodríquez—or Carlos Andrés, as the people call him—became president of Venezuela on March 12, at a time fateful in the history of this country and a fateful time for all of Latin America.

On arriving in Caracas recently, I was immediately struck by the growth of that modern city. The skyscrapers have mushroomed up tenfold, and the freeways that run through the city are among the most modern in the world. If you did not see the billboards in Spanish, you could easily imagine yourself in Los Angeles. And the comparison does not end there. Hemmed in as it is by the mountains, spread out along the floor of a valley that runs to the sea, Caracas is moving north and south so that the city now stretches close to thirty miles from one end to the other. But on the sides of those mountains, the poor have not moved from the *ranchos*. Hundreds of thousands of them live in misery, looking down on Caracas with its highly visible signs of wealth—much of which comes from the soil of Venezuela in the form of oil.

Twelve years ago, when I first went to Caracas, the country was torn by guerrilla warfare. A group of assassins allegedly dispatched by Fidel Castro had just narrowly missed killing the country's then-president Rómulo Betancourt. His hands still bear the scars of that botched attempt. I remember sitting on the patio of the Hotel Tamanaco, which is on a hill overlooking the city, and hearing gunfire as guerrillas attacked police stations on the streets below.

The man Rómulo Betancourt chose to fight the guerrilla movement in 1961 was Carlos Andrés Pérez, who was born into poverty on a farm near the Colombian border (his father had been born in Colombia, a fact with which Carlos Andrés was reproached during the presidential campaign). He had chosen politics at an early age: He was an activist for the *Acción Democrática* (Social Democrat) party at the age of sixteen and was elected to parliament at twenty-two. The coup that put dictator Marcos Pérez Jiménez in power on December 9, 1952, made a political exile out of Carlos Andrés. Then only thirty, he was already one of the young leaders of the AD party, and a price was put on his head. He fled first to Cuba, where he lived for three years (until Batista came to power and forced him out), and then to San José, Costa Rica, where he became editor of a daily newspaper. (One of his closest friends in Costa Rica was Daniel Oduber, then a rising politician; through a quirk of fate, Oduber is today Costa Rica's president.) During the Costa Rican exile, Pérez Jiménez allegedy sent a hired assassin to San José to liquidate Carlos Andrés. But the shot miraculously missed the young editor when he leaned over to answer a phone just as the gun was fired. When Pérez Jiménez was ousted in 1958 and Rómulo Betancourt took power, Pérez came home. Three years later, in 1961, he was made minister of the interior and was given the thankless job of rooting out the guerrillas.

The guerrillas were eventually vanquished. But putting down guerrilla movements is not a pastime for people with weak hearts or queasy stomachs. As Americans found out in South Vietnam, guerrilla warfare is the dirtiest kind. Inevitably, Carlos Andrés Pérez came out of his term of office successful in what he had set out to do, but

with the reputation of being a hard-line law-and-order man.

That reputation was to hurt him as well as help him in his campaign for president.

Pérez had wanted to run for president in 1968, but his mentor, Rómulo Betancourt, persuaded him that this was a bad year for the *Acción Democrática* party. The years of rule under Betancourt and then under Raoul Leoni had produced stresses in the party structure which were to lead the party to defeat that year.

But when 1973 rolled around, Pérez was ready to run. Named as the AD candidate in August of 1972 (they have very long campaigns in Venezuela), Pérez now set out to rid himself of his image as a man whose sole claim to power was his ability to put down rebellion.

Pérez decided on a strategy first developed in Florida in 1970 by Lawton Chiles, a successful Democratic candidate for senator: Chiles won by dint of walking across the state, shaking hands with the voters. In line with Chile's strategy, Pérez's campaign was based on the notion that he was a man who had sprung up from the people and was now going back to the people to personalize politics and to encourage the highest possible level of local participation.

There were two themes to the Pérez campaign, both keyed to a careful market analysis of the Venezuelan electorate. The first, "Neither Weakness nor Tyranny," was aimed at softening his earlier tough-cop image, which had aroused storms of protest—particularly from the left wing of the AD party—when he had been named candidate. His second theme, "This Man Really Moves," addressed itself to Pérez's own seemingly boundless energy and enthusiasm (thus inferentially pointing up the weaknesses of his principal opponent, Lorenzo Fernandez). Eighteen hours a day, Pérez crisscrossed the country, working behind a platoon of highly effective advance men, who never failed to turn out big crowds for his arrival and his walks among the people.

But to say that the campaign was strictly a media-oriented gimmick operation would be unfair to Pérez. The candidate of 1973 was in fact far removed from the cop of 1961. He had come to understand that in defeating the guerrillas during his term as minister of the interior, he was only dealing with the overt manifestations of the underlying real problems of his country—that is, the huge gap between the very small number of rich Venezuelans and the very large number of his fellow citizens who are very poor.

Pérez, in fact, played on a theme that might have defeated a lesser man. Almost his entire program was based on the need to cut back on government handouts for fancy new freeways or showy public projects in Caracas, and to concentrate instead on the needs of the very poor rural areas. Even when speaking in Caracas, Pérez stuck with his theme of diverting help to the counryside. It was the believability of this appeal that helped the AD to carry Caracas for the first time in the party's history.

The 1973 campaign was probably the most expensive in the history of Venezuela. Hard figures are not easy to come by, but the campaign cost no less than $30 million, with the losing COPEI (Christian Democratic) party spending about twice as much as the AD party. In a country with 10 million people and 5 million voters, that amounts to about $6.00 a voter—somewhat more per capita than was spent on the lavish 1972 U.S. presidential election!

The election, held on December 9, 1973, was close all the way. But the real turning point probably came the day in September when Salvador Allende was overthrown in Chile. At that time the COPEI party, which is not unlike Eduardo Frei's Christian Democrats in Chile, was openly making noises about cooperating with Venezuela's tiny Communist party. A lot of Venezuelans reasoned that if Frei's government had led to Allende, something along the same lines could happen in Venezuela.

The results of the December election surprised even the most optimistic supporters of Carlos Andrés Perez. He received almost 49 percent of the vote—a significant achievement in a field of fourteen candidates. Lorenzo Fernandez, with close to 37 percent, trailed far behind. Perez's victory margin was highly significant—as was the polarization of the vote between two major parties out of the fourteen entries. The far Left and far Right were squeezed into insignificance by the results. *Acción Democrática* also rode in with a commanding majority in both houses of the Congress. Clearly, the voters of Venezuela have given Carlos Andrés Perez an unprecedented mandate to govern—and more than that, a clear command to prove that the democratic form of government is still capable of dealing with the complex problems of a Latin American country in 1974.

Pérez will need all the political elbow-room he can muster to deal with the problems he has to face.

There are, first, very few democracies left on the Latin American continent. The tide of history seems to be running against representative government, with military dictatorships of the Left and the Right filling the gap.

But more than that, Venezuela, with its oil resources, is at a fateful point in its history. Oil has always been the blessing and the curse of Venezuela. Its production of close to 4 million barrels per day, much of which goes to the United States, has attracted unusual attention from the neighbor to the north. U.S. economic penetration of Venezuela has been intense. Pérez believes that Venezuelan assets should belong to the Venezuelans—and should be more evenly divided. The crunch is sure to come.

Recently I returned to Caracas for another visit with Carlos Andrés Pérez. I got there some six weeks after his election, but there was still the atmosphere of a political campaign in his private headquarters on Avenida Libertador, in downtown Caracas.

I found Pérez little changed in the twelve years since I had last seen him. He is still relatively lean, although he has put on a few pounds, and he has allowed his sideburns to creep to a little below the lobes, in the style of today's pop stars and politicians. He has a vitality and enthusiam that fills a room, and the intense way in which he talks about his country's problems reflects his awareness that the task ahead is a back breaker.

Perez is direct, candid, and not given to weighing his words for fear of offending someone. Some samples: On the United States: "Without a doubt there has been a profound change in Latin America in the last ten years. There is a nationalistic development in Latin America which the United States does not seem to understand. This lack of understanding has put more distance between the United States and Latin America than there was, say, ten or twelve years ago. I would say that U.S.-Latin American relationships . . . have to be translated into a new deal, just as it was in the period of FDR's 'Good Neighbor Policy' and 'JFK's Alliance for Progress.' "

On democracy: "We have a great responsibility here in Venezuela to advance the cause of democracy. Without any doubt, if we fail here, it will have great repercussions in Latin America. We are compelled to demonstrate by our example that democracy . . . provides the necessary energy to confront the faces of capitalism."

On petroleum: "The petroleum crisis has placed us in a position of defending our national resources—in a position where it is we who are going to call the tune. We intend to use our petroleum as an *instrument*, not as a weapon, to obtain the technology we require at fair prices and under adequate conditions."

What can be predicted about the new government's attitude toward the United States? Pérez is not anti-American: He is pro- Venezuelan. That is an important distinction for American policymakers to understand. He is going to be tough on oil. He will certainly move quickly to take over the American oil companies in Venezuela, which under current contracts were to revert to the Venezuelan government in 1983. But he sees little need for waiting—especially with the current bloated income in dollars from the new oil prices. Venezuela does not need all the dollars it will get from the sale of its oil today, not even to accomplish Pérez's ambitious rural modernization plans. It does not want to cut down on the flow of oil to its old customers. So how to resolve this impasse? Some of Pérez's advisers are urging a novel plan on him: They say Venezuelans should not object to leaving a certain amount of their dollar earnings in the United States. That would help the U.S. balance-pay-of-payments problem. But Venezuelans do not want to see their dollars eaten up by constant inflation. Thus their solution: the "indexed" dollar. What does that mean? It means that if $1 million will buy 100 tractors in the United States in 1974, the Venezuelans want guarantees that the same $1 million will buy 100 tractors in 1980.

But Pérez's most important determination is to make democracy work in Venezuela, and perhaps to create a democratic bloc on the continent (starting with Colombia and Costa Rica), in order to apply pressure on those Latin American nations that have strayed from the democratic path.

In Venezuela, a president can serve for only five years. Five years is not a long time. But Carlos Andrés Pérez clearly intends to make each day of those five years count.

[From the New York Times, Feb. 8, 1974]

COSTA RICA'S MAN IN THE SHADOW

SAN JOSE, COSTA RICA.—As the margin of Daniel Oduber's lead in Sunday's Costa Rican elections began to slip the other day, one Opposition politician said with genuine sympathy, "Poor Daniel; he wanted so badly to be President."

But Mr. Oduber's lead held. Today, tentative final returns gave him 43.4 per cent of the vote—enough to avoid a runoff election though not enough to govern without the help of other parties. And so after 25 years of political triumphs and setbacks, he will assume the Presidency of this tiny Central American democracy on May 8.

Throughout his long political career, the 52-year-old Daniel Oduber (pronounced oh-doo-BEAR) Quiros has lived in the shadow of Jose Figueres Ferrer, known as Don Pepe, a diminutive 68-year-old politician with a dominating personality who is serving out his second term as President of Costa Rica.

While Mr. Figueres's charm won his popular support and newspaper headlines, Mr. Oduber preferred to play politics quietly, developing into a particularly good negotiator and a talented "arm twister" in the legislative assembly, where he served as president from 1970 to 1973.

"Oduber is a sort of L.B.J. of Costa Rica," one Congressman said. "He always knows when to give and when to take. In the assembly, all Opposition deputies were in one way or another indebted to him politically."

When controversy broke out last year over Mr. Figueres's close business relationship with the fugitive American financier, Robert L. Vesco, Mr. Oduber was conspicuously silent.

"You can criticize Daniel or you can simply say he was being pragmatic," one polit-

ical source said, "because his nomination as party candidate depended on preserving Don Pepe's goodwill."

In broad political terms, Mr. Oduber is expected to continue President Figueres's Social Democratic policies, emphasizing the need for greater efficiency in the large public sector and stepping up agrarian reform programs.

The President-elect was born of humble parents in San José, the nation's capital, on Aug. 25, 1921. He was a conscientious student and paid his way through law college by working in the local telegraph office.

After completing his thesis on "the right to strike," he opened a law firm and worked in San José until moving to Montreal, for further studies at McGill University. In 1949, he began working for his Ph.D. at the Sorbonne in Paris.

While there he met and married a young Canadian, Marjorie Elliot. They now have a 10-year-old son, Luis Adrian.

His first political activity was at the age of 19 when he participated in the creation of the Center for the Study of National Problems, a body that brought together a generation of impatient young politicians and intellectuals and eventually provided the momentum for a revolution in 1948.

From 1951, when the National Liberation party was founded, Mr. Oduber gave more and more time to politics.

He became party secretary general in 1956 and entered Congress two years later. In 1961, he made his first unsuccessful bid for the Presidency.

From 1962 to 1966, Mr. Oduber was Foreign Minister, a post in which he strongly supported the United States-sponsored Alliance for Progress and frequently spoke of his close relationship with President Kennedy.

In his next bid for the Presidency in 1966, he won the party nomination but was defeated by just 4,220 out of 441,000 votes.

THE PAPERWORK JUNGLE

Mr. MATHIAS. Mr. President, as government grows more and more complex, the redtape which it produces encircles more and more of the affairs of private enterprise. The Kelly-Springfield Tire Co., which has a major plant in Cumberland, Md., published in its corporate newspaper this week an article describing the impact of this redtape, or the Federal paperwork burden, on its own operation. I would commend this article to the attention of my colleagues as the work of this session of the Congress continues, and 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 PAPERWORK JUNGLE

CUMBERLAND, MD.—Spring 1974 brought back the robin, the daffodil, and the forsythia to Western Maryland. However, the most visible creature to many of the Kelly-Springfield people was the government visitor—a species that seems to increase in number year by year.

While private companies have always had some amount of government involvement in their business lives, the extraordinary parade of visitors through The Kelly-Springfield Tire Company's Cumberland plant this spring demonstrates the heavy demands governmental regulatory agencies are making on the productive time of U.S. business and industrial concerns.

Most of the matters under consideration relate to environmental protection and employee safety. But the government is now taking an interest in a spectrum of affairs that ranges from sex discrimination in hiring practices to company-union negotiations.

Since these agencies are to be found on almost every level, local, state, and federal, there are often representatives from different agenices in the plant to discuss the same or similar matters.

The amount of time required to guide governmental visitors through the operations in which they are interested and to prepare reports, research situations, and to hold discussions is extremely great—not to mention the expenditures required to put into effect their recommendations to change or modify equipment and situations.

Dozens of Kelly-Springfield people in engineering, law, personnel, traffic, safety, production, development, quality control, testing, and many other departments spend a considerable part of their time handling government business and government visitors. But consider the plight of staff mechanical engineer, H. H. Peterson. His supervisor, Richard C. Winfield, manager of staff engineering, says that Peterson now spends 100 per cent of his time dealing with government bureaus, mostly on environmental matters.

Winfield reports that he spends from 30 to 50 per cent of his own time on government affairs.

Just as involved is Willys L. Smelser, manager of corporate safety, who estimates that at least half of his job is in dealing with government agencies, principally those charged with enforcing the federal Occupational Safety and Health Act (OSHA) and its Maryland counterpart (MOSHA).

To illustrate the time-consuming effects of government relations, Smelser said the OSHA people were in the plant on March 5, 6, 7, and 8. They were followed by the MOSHA representatives on March 11, 12, and 13, which allowed Smelser three days in two weeks to perform his corporate managerial duties.

On April 3, Smelser went to Baltimore with Peterson and attorney E. H. Tingle to attend a public meeting concerning proposed regulations on airborne noises.

For Peterson that was the second consecutive day in a row in Baltimore. The previous day he and Richard Beaman, manager of engineering, and Robert D. Merrick, secretary and counsel, met with Carl York of Maryland's air quality and noise control division to discuss converting the plant's boilers from oil-fired back to coal-fired.

On April 4, Smelser, Winfield, Beaman, Dale Chapman, project engineer, William L. Lloyd, chief draftsman, Charles Norris, manager, security, safety and training, and Kenneth M. Wilson and John Tolfree, plant division superintendents, spent four hours poring over the OSHA report—resulting from the March 5, 6, 7, and 8 visit. The state report was yet to come and to be dealt with.

Many of the state and federal agencies are known primarily by their initials, like OSHA, MOSHA, NLRB, OFCC, EEOC, ICC, DOT, FAA, and EPA, but some like the federal Wage & Hour Commission and the Maryland department of health and mental hygiene do not easily break down into acronyms or even series of initials, but they have their impact, too.

For Kelly-Springfield, the state department of health and mental hygiene might be unfolding a gigantic headache since its current project involves industrial waste disposal and the company's practice of disposing of some of its waste materials in the country landfill. Winfield and attorney Peter Lenhart, are grappling with that problem.

All of this is a mere sampling of the government's stampede through the plant. And that stampede is costing Kelly-Springfield's customers a pretty penny. Not only are the visits expensive and time-consuming, but bureaucratic decisions on air and water quality, on solid waste disposal, on noise levels, on personnel practices, and on dozens of other matters often result in multi-million-dollar expenditures, which add to the expense of doing business, and all raise the price of the products the company manufactures and sells.

SENATOR MUSKIE'S SPEECH AT THE NAVAL ACADEMY

Mr. HART. Mr. President, last week Senator MUSKIE delivered the keynote address at the 14th Annual Naval Academy Foreign Affairs Conference in Annapolis.

In his perceptive remarks, the Senator said that the United States is "on the verge of a new coherence in American foreign policy, a new sense of direction and common purpose, and a restoration of the bipartisan tradition in America's foreign relations."

He argued that there is now a broad popular consensus in four areas of our foreign policy: First, that an isolationist policy is not possible; second, that the general direction of détente is a proper one; third, that our alliances with Europe and Japan are still vital; and, fourth, that our policies should reflect the growing interdependence of the developed and underdeveloped world.

Senator MUSKIE's speech calls for a restored bipartisanship in our foreign policy based upon these areas of agreement. For the interest of my Senate colleagues, I ask unanimous consent that Senator MUSKIE's address be printed in the RECORD.

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

AMERICAN FOREIGN POLICY TODAY: RESTORING THE BIPARTISAN TRADITION

(Remarks by Senator EDMUND S. MUSKIE)

It is a great pleasure to be back in Annapolis and in such distinguished company. It's quite a change from the first time I was here, and it may take me a minute to get oriented.

It's a little hard for me to believe it now, but in 1942 I came here as a 120-day-wonder. The wonder was that I survived those 4 months, and that the Navy survived the aftermath.

As a 28-year-old lawyer who was already getting set in his ways, I was about as comfortable with Navy rules and with teenaged midshipmen as your admirals are these days with the equal rights amendment and the prospect of giving orders to "midship-persons."

Those of you who have dipped into ancient history may recall that during the war, things were done in something of a hurry. After Annapolis, I was sent to Penn State on a four-month course in diesel propulsion, and after that, I was ordered to an engineering billet on a YP. I've never been certain whether it was my lack of proficiency with diesels or just the Navy way, but my ship ran on gasoline engines. Of course, I know that sort of foul-up never happens any more.

However, I know you are not here to listen to reminiscences of the good old days when Z was just the last letter in the alphabet and Diego Garcia was a mess steward, not an island. Unlike old soldiers who supposedly just fade away, sailors, I suspect, talk themselves to death. This evening, at least, the talk will be serious. I hope it will not be fatal.

The United States is emerging today from one of the most difficult periods in the history of its foreign policy.

The older of us remember the active internationalism which characterized U.S. policy during the Cold War; the idealistic optimism; the clear perception of the forces of good and evil at work in the world—all these qualities seemed to evaporate in the military and moral quagmire of the Vietnam War.

Before Vietnam, America seemed to have a sharper focus: our foreign policy objectives were easier to define, and they enjoyed broad popular support. From Truman to Kennedy, the country seemed to share a strong sense of direction and a common purpose.

Vietnam ended all of that. The experience of that war was shattering to our morale, and only time will tell how deep and lasting the wounds have been. But one consequence of the war is already clear: Vietnam has changed our outlook on world affairs, has changed our image of ourselves, and has changed our view of the proper American role in the world today.

These changes in our world outlook have been accompanied by some of the most extraordinary internal changes we have ever seen in the fabric of American society. Many of our values have been radically altered in what historians may later call an American cultural revolution. The whole process has produced sharp generational gaps—including differing views of the U.S. role in world affairs.

Like all sudden change, the internal and external events of recent years have been upsetting to many Americans who view these new trends with alarm and even despair. The nation is viewed by many as having slipped its moorings, drifting on a sea of political and moral uncertainty. The words of the novelist, Hermann Hesse, may have a special meaning in our current condition:

"Human life is reduced to real suffering, to hell, only when two ages, two cultures and religions overlap. . . . There are times when a whole generation is caught in this way between two ages, two modes of life, with the consequence that it loses all power to understand itself and has no standard, no security, no simple acquiescence."

I

This bleak introduction will serve as a sharp contrast to the central argument I wish to make tonight. Despite a confusion of values after Vietnam; despite the current domestic trauma of Watergate; despite the dangerous Middle East conflict and spreading hostilities again in Indochina; despite an apparent cooling of détente even as our relations with Europe are heating up—despite all of this, I believe we are on the verge of a new coherence in American foreign policy, a new sense of direction and common purpose, and a restoration of the bipartisan tradition in America's foreign relations.

The reason for my optimism is that I perceive today a broad popular consensus on four fundamental principles of American foreign policy.

First, there is a general consensus that an isolationist policy is not a viable option for America. Despite our new and sensible aversion to entangling involvements in marginal regional conflicts, most Americans believe in a global interdependence which necessarily requires a significant American role in the world's political, economic and security affairs.

Second, there is general support for the principle of détente—relaxation of tensions and normalization of relations with our primary Cold War adversaries, the Soviet Union and Communist China. The terms of détente—and its pace—are appropriate subjects for public debate. But most Americans are for détente in principle.

Third, there is widespread agreement that our alliances with Europe and Japan are still vital, notwithstanding progress toward détente, and should be emphasized. Those alliances are widely perceived to be consistent with the policy of détente, and to have purposes which go beyond the provision of mutual security.

Fourth, there is a new awareness of the interdependence of the developed and undeveloped world. This fact was brought home painfully during the oil embargo, and it has received careful attention in the recent special U.N. session which was convened at the request of President Boumedienne of Algeria to consider the critical issues of world economic development. The session was most notable, I believe, in a remarkably enlightened address by Secretary Kissinger on problems of the world economy and world development. The Secretary's remarks were especially welcome in view of his past record of relative indifference to both these major problems of our times.

These four principles, in my view, form the basis of an emerging American consensus on the direction of our foreign policy and on our fundamental national purpose. Now is the time to seize what may be an historic opportunity—arising, ironically, in the wake of a bitterly divisive foreign adventure and in the midst of a poisonous political scandal at home.

The opportunity is to forge a new bipartisanship in the pursuit of common goals—goals which we can share not only among ourselves, but with the world at large.

II

The first of these principles is that a policy of isolation is not a viable option for America today.

The option of an essentially isolationist policy has always been something of an optical illusion. The argument for such a policy has rested on the notion that in a world of nuclear arms, a nation's physical security does not depend on its geopolitical positioning and that a global foreign and defense policy is therefore no longer necessary. In fact, it is sometimes argued, such global policies can reduce one's physical security by risking involvement in local conflicts which can escalate into global war.

The argument has a certain abstract attractiveness, but it is irrelevant to the actual condition in which we find ourselves. A small power may have the luxury to be concerned primarily with its physical security and the preservation of its independence. But a great power must be concerned not only with these minimal goals, but also with the creation and preservation of a favorable international environment. This does not require an interventionist policy—a policy which is neither possible or desirable—but it does mean that withdrawal from our major commitments in Europe and Japan is untenable.

U.S. withdrawal from those commitments would most certainly involve, in the long or short run, nuclear proliferation. In theory, a few more nuclear states might not make the world any less stable, and one could even argue that the U.S. could stay out of regional nuclear conflicts in such a world should stability break down. While one could imagine such a system in theory, most historians would find it doubtful that a major power like the U.S. could always stay out of conflicts involving other large states—conflicts which would unquestionably affect our political and economic interests.

Moreover, one must realistically consider the practical consequences of such a U.S. withdrawal. An independent Japanese nuclear force, quite apart from its possible impact on Japanese society internally, would likely be disruptive of what may be an evolving Asian stability. In Europe, a total American withdrawal from our security guarantees could be extremely destabilizing. In the present stage of European development, one can easily imagine the great strains that would occur in the Anglo-French-German relationship when confronted with the need to find a means, some kind of joint nuclear force with a shared decision-making mechanism, to replace the American shield.

It is clear that most Europeans, and especially the Germans, regard the American military presence as essential to their security. It is not that they fear aggression in the traditional sense. Rather, they fear—and I think properly—a loss of their freedom of action if the European balance is disturbed in a significant way—a freedom of maneuver which they feel is based on a mutual military paralysis of the great powers in the European arena.

We may debate energetically such questions as burden-sharing in the alliance, and insist—I think rightly—that the Europeans assume a greater share of conventional defense responsibilities on their own continent. There is nothing magic about the present number of American troops in Europe, and I believe we can consider significant U.S. troop withdrawals without undermining the fundamental commitment we have made to our N.A.T.O. allies. But such a debate—which will occur again this year in Congress—will not call into question our basic commitment to European defense or challenge the principle that a certain number of American troops should remain in Europe to guarantee that commitment.

Apart from these strategic considerations, there are economic realities which prevent us from seriously considering an isolationist policy. Economically, the United States is now the leading international investor in the world, both in the developing and advanced industrial economies. Moreover, we are increasingly dependent on outside resources, importing 26 out of some 36 basic raw materials consumed by an industrial economy. And despite the rhetoric of Project Independence, we are inevitably becoming more dependent on energy imports. Add to this a central monetary role in the world financial system, and it is clear that the stakes are simply too high in world economic affairs for us to seriously consider a policy of withdrawal.

And so there is a broad consensus, I believe, that an isolationist thrust is not relevant to the American condition. The issue today, as Professor Brzezinski of Columbia among others has argued, is not internationalism versus isolationism—but rather the forms and degrees of global interdependence.

III

Secondly, I believe there is a broad national consensus on the main thrust of our policies of detente with the Soviet Union and China. Here, also, there are sharp disagreements on the form and degree of interdependence we are seeking to establish with the Communist world. But detente—viewed, in Secretary Kissinger's words, as "a process of managing relations with a potentially hostile country in order to preserve peace while maintaining our vial interests"—is widely supported by the American people.

Detente is not founded on agreement on values—rather, it is based on the awareness by each side that the other is a potential adversary in a nuclear war. In such a world, the pursuit of peace, as Dr. Kissinger has said elsewhere, must begin with the pragmatic concept of coexistence—not an overly pragmatic policy which lacks humanity or vision, but a policy which shuns the moralistic excesses that obstruct negotiation and accommodation.

Detente, according to Hans Morgenthau, has been successful in at least three areas: *First*, it has reduced the ideological fervor in the overall Soviet-American relationship which, until recently, made negotiated settlements virtually impossible. *Second*, it has

resulted in a substantial settlement of the German question through West German recognition of the territorial status quo in Central Europe and of the East German state, and through agreement on the international status of Berlin. *Third*, it has resulted in the 1972 agreements on strategic arms, which have reduced the tensions of an unregulated nuclear arms race.

To be sure, detente has been less successful in other areas, and there is a current drift in the Soviet-American relationship which raises serious doubts about its future development. There is pessimism on SALT II, an apparent hardening of Soviet domestic repression, and a growing awareness in both countries that detente has its limits.

We are caught today in a conceptual dilemma regarding those limits. Last month, in testimony before the Senate Finance Committee, Secretary Kissinger argued that our country has a right to demand of the Soviet Union responsible international behavior and to demand that agreements are observed in good faith. But he took issue with the purpose of the Jackson Amendment to the Trade bill—an amendment which I and over three-fourths of the Senate cosponsor—by arguing that it is fruitless for us to insist on basic changes in the Soviet internal system, and that in so doing, we risk other vital international objectives which we can constructively pursue together.

Proponents of the Jackson Amendment have argued that American concern with Soviet domestic policies is not meddling. Rather, it reflects that a stable peace must be based on a common moral framework. Detente, it is argued, can only be limited and precarious in the absence of such a common moral framework.

The Jackson Amendment confronts us with a moral and practical dilemma which will not be easy to resolve. But there is some possibility that a satisfactory compromise may be worked out which will permit the normalization of U.S.-Soviet economic relations without requiring us to turn our backs on those who are suffering most from Soviet repression at home. Proponents of the Jackson Amendment have indicated a willingness to compromise on the demand for totally free emigration in exchange for a substantially increased flow of emigrants and an end to the harassment of individuals applying for emigration. The Administration has indicated a willingness to link the trade and emigration issue by means of an annual congressional review. While the two sides have not reached agreement, there is some reason to believe that a compromise may ultimately be possible.

Whatever the outcome, the American people are in no mood to return to the confrontation policies of the Cold War era. Short of extreme Soviet provocation, the debate over detente has already been largely settled. In a nuclear world, there is no enduring alternative.

IV

Thirdly, I believe that there is a general consensus that our alliances with Europe and Japan are still vital, notwithstanding progress on detente, and must be emphasized. This consensus exists despite economic tensions with Japan and the increasing acerbity which has characterized our relations with Europe in recent years. These tensions have in large measure been a price we have paid for the pursuit of detente with the Soviet Union and China—for our policies were too shrouded in secrecy, pursued too unilaterally, and sprung on an unsuspecting world with too much flair and diplomatic surprise. Such a style inevitably caused resentment in Europe and Japan.

Our current relationship with Japan has improved somewhat after the diplomatic shocks of recent years. But our relations with Europe have continued to decline, and the harsh words spoken recently by both the President and the Secretary of State reflect the exasperation felt by American policy makers.

The U.S. grievance concerns the alleged failure of the nine-member Common Market to consult with the United States adequately before important decisions affecting our interests are made. There has been an increasing tendency, it is said, for the Europeans to follow the Gaullist dictum that Europe can avoid American domination only by making its decisions without consultation. This has led, in Secretary Kissinger's words, to "a tendency to seek European identity in opposition to the United States." The underlying cause, he says, is the internal weakness of most European regimes, which tempts them to side with Paris in anti-American positions involving little domestic risk.

It is difficult, in the present mood of the alliance, to measure the depth of these divisions. My own view is not pessimistic, for I believe there is a profound sense of psychological and cultural community at the heart of the Atlantic relationship which transcends the frictions which will always exist.

* * * * *

V

The *fourth* principle which forms part of an emerging consensus on foreign policy is that we and our allies in the developed world are linked in a relationship of growing interdependence with the underdeveloped world.

This renewed awareness was manifested only recently in the special U.N. meeting on current problems of world development. I welcome the remarks Secretary Kissinger made on that occasion, and it may be useful to review the six problem areas the Secretary identified at that time.

He first stressed that the global economy requires expanding energy supplies at equitable prices, and pledged the cooperation of the United States in reducing energy waste and in developing new energy supplies. Second, he urged the cooperation of producing and consuming nations in overcoming the cycle of raw material surplus and shortage—opposing any efforts which may be mounted by cartels of raw-material producers to negotiate artificially high prices. Third, he committed the United States to a major effort to assist the developing countries in food production and population control so as to bring about a stable balance, and called for a worldwide food reserve to meet food emergencies. Fourth, he called for special assistance to the poorest nations—those which are neither industrialized, nor produce raw materials or sufficient food—so as to prevent them from being overwhelmed in the current circumstances. Fifth, he committed the U.S. to a major scientific effort in developing farming technologies which are productive and labor-intensive, in improving the technology of birth control, and in expanding energy research and development. And sixth, he called for a worldwide trade, monetary and investment system which will sustain industrial civilization in the present era of scarcity.

The Kissinger speech, while providing little of substance in itself, is nevertheless a welcome rhetorical departure from earlier indifference to the problems of the developing world and the world economy. I believe that the disparity between rich and poor on a worldwide scale is the central moral problem of our time. The gap between rich and poor is widening, and there is a growing awareness of this global inequality and a determination to erase it. To the extent that we do not seriously address this problem, we are risking increased social strife on a worldwide scale and global anarchy.

A renewed awareness of global interdependence comes at a time when foreign aid, in the traditional sense, has lost most of its domestic constituency in America. But the popular disillusionment with our bilateral foreign aid programs is not entirely unjustified. What we need now is a massive effort on a multilateral scale, not simply to provide capital transfers to the developing world or to sponsor a variety of technical assistance of world aid, trade, investment and finance so as to cope realistically with the historic task before us.

Secretary Kissinger has spoken of a mood in the country in the early 1960s when he was first exposed to the higher levels of foreign policy decision-making in Washington. The mood may have been brash and over-confident, he said, but a spirit prevailed which was "quintessentially American: that problems are a challenge, not an alibi; that men are measured not only by their success but also by their striving; that it is better to aim grandly than to wallow in mediocre comfort."

A restored bipartisanship in American foreign policy does not exclude active partisan debate on the day-to-day issues of American foreign policy. But a restored bipartisanship recognizes the broad base of agreement concerning our purpose in the world and the great tasks before us. We must draw upon the strength that such unity gives us in order to fulfill the role which history has assigned us. We cannot shrink from those responsibilities. We must, in President Kennedy's words, welcome them.

THE JOHNS HOPKINS UNIVERSITY PRESS

Mr. MATHIAS. Mr. President, the oldest, continuously operating university press in the United States is the Johns Hopkins University Press in Baltimore. It was founded in 1878, and in the years since, it has had but three directors. For the past 26 years, Harold E. Ingle has directed the Johns Hopkins University Press with the utmost distinction. In July, he will retire and be succeeded by Jack G. Goellner.

Mr. President, the spring 1974 issue of the Johns Hopkins Journal contains an article announcing the forthcoming change of directors and relating some of the many notable achievements under Mr. Ingle's leadership. I ask unanimous consent that this article be printed in the RECORD.

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

HAROLD INGLE TO RETIRE AS HOPKINS PRESS DIRECTOR, COMPLETES 26 YEARS OF SERVICE; JACK GOELLNER TO SUCCEED HIM

Founded in 1878, the Johns Hopkins University Press is the oldest continuously operating university press in the country. In that time, it has had but three directors, the third being Harold E. Ingle, who has headed the organization for the past 26 years. In July, Mr. Ingle will retire, and the Press will come under the direction of Jack G. Goellner, who came to Johns Hopkins in 1961 and has served as editorial director since 1965.

Reflecting back over his years as director—during which he worked under six of the University's ten presidents—Mr. Ingle recalls that the Press in 1948 consisted of a staff of four with a "warehouse" set up in two World War II Quonset huts located in the light shafts of Gilman Hall. About a dozen books a year were being published, representing a sales volume of about $75,000.

Today the Press has a staff of 50, operates its own off-campus warehouse, and this year is publishing 75 new books and recording sales of nearly $1.9 million. This figure includes seven scholarly journals that the Press publishes, including two of the oldest in the country: the *American Journal of*

Mathematics and the *American Journal of Philology*. There is a Press branch office in London to handle sales in the United Kingdom and Europe, and sales representatives all over the world—foreign sales now accounting for about 20 per cent of total sales.

One of the features that sets the Johns Hopkins University Press apart from many similar organizations, Mr. Ingle points out, is that it is virtually self-supporting, despite a market that rarely exceeds 3,000 copies per book. Two factors partly responsible for this are an agreement with Resources for the Future, Inc., which has led to publication of over 100 titles in the areas of energy, conservation, urban economics and urban development, and another agreement with the World Bank that has produced a strong list of titles in international economics and international development.

"Books in these areas have been big sellers in recent years," Mr. Ingle says. "We're also strong in most areas of the social sciences, and although our program is not as large in the humanities, it is a distinguished one. All these reflect areas of academic strength at Johns Hopkins, and that is as it should be."

Among the more formidable works that the Press has published during Mr. Ingle's directorship are the first five of a projected 20-volume set of the edited papers of Dwight D. Eisenhower, and the two-volume "Mammals of the World," by Ernest P. Walker. Two of the bigger sellers have been "The Individual, Sex and Society," edited by Carlfred Broderick and Jessie Bernard, and "A Preface to Urban Economics," by William Thompson, both of which have thus far sold well over 30,000 copies.

Jack Goellner, who succeeds Mr. Ingle on July 1, holds a bachelor's degree from Allegheny College and a master's degree in English from the University of Wisconsin.

Looking ahead, Mr. Goellner foresees no immediate major expansion in the book or journal publishing divisions, however there are some new areas into which the Press is venturing that could possibly develop significantly in the future.

"For example, we are developing a series of books in urban studies paralleling work being done in the University Center for Metropolitan Planning and Research that deals with some of the major policy questions confronting cities today," he says. "Another promising area is that of audio-visual materials. We are now working closely with the Medical Institutions on a program in continuing medical education for physicians that will involve printed material, tape cassettes and slides in an AMA-accredited program.. The potential here is enormous, and it could quickly become a major part of our total program."

DEMOCRATIC POLICY RESOLUTIONS

Mr. MANSFIELD. Mr. President, since January, Democratic Senators have met periodically to discuss issues of importance in the Senate and the Nation. They have agreed to four resolutions regarding issues of major concern to Americans, the most recent resolution being one adopted on April 24, which supports legislation which would restrain inflation by: First requiring the executive branch to monitor all sectors of the economy, private and public, and to enforce economic stabilization decontrol commitments, and, second, permitting within a reasonable time an orderly termination of the wage and price controls program.

The other three resolutions agreed upon by Senate Democrats call for passage this year of national health insurance and private pension plan reform and the creation of an instrumentality to deal better with matters of potential national crisis.

By way of followthrough on these Democratic positions, I would like to state that the House Ways and Means Committee began hearings on April 24 on national health insurance. Conferees are continuing to work toward agreement on the Senate and House differences regarding private pension reform legislation. And on Tuesday April 30, 1974, representatives of the House and the Senate will meet with representatives from the executive branch named by the President to discuss a better means of dealing with matters of potential national crisis.

Mr. President, I ask unanimous consent to have the four resolutions printed in the RECORD.

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

RESOLUTION NO. 1 ON NATIONAL HEALTH INSURANCE

(Adopted by Senate Democratic Policy Committee on March 28, 1974)

Whereas, an urgent need exists to find better means of meeting the mounting expenses of Americans for health care;

Whereas, the high cost of medical care stands as a constant threat of financial disaster to tens of millions of Americans; and

Whereas, adequate health service, regardless of ability to pay, is the right of all Americans;

The Senate Democratic Policy Committee urges the passage *in this session* of legislation which will—

(1) create a national system of administrative overlapping and duplication in the current multiplicity of fiscal systems;

(2) provides financing by contributions from employers, employees and general tax revenue;

(3) allows for all varieties of medical practice ranging from fee-for-service to prepaid group practice;

(4) guarantees all Americans, regardless of ability to pay, adequate health services.

The Leadership is directed to communicate this resolution to the Chairman of the Finance Committee and to consider, with the House Leadership a joint request to the President urging cooperation in the design of a National Health Insurance Program.

RESOLUTION NO. 2 ON PRIVATE PENSION PLANS

(Adopted by Senate Democratic Policy Committee, April 9, 1974)

Whereas, private pension plans are supplements to Federal Social Security of growing essentiality in providing a secure and dignified retirement for Americans;

Whereas, equity suggests that private pension plans which provide work incentive to the employee ought also, in due course, vest an irrevocable interest in the employee; and

Whereas, widespread mobility of labor is an integral part of the American economic structure but, at the same time, often acts to cancel accumulated private pension benefits;

Therefore, the Senate Majority Policy Committee urges the enactment, this year, of legislation:

To set standards for insuring pension rights to employees after a reasonable period of service;

To require adequate management and funding of pension plans;

To provide insurance against termination of private pension plans; and

To establish mechanisms for transferring private pension benefits from one employment to another.

The Majority Leader is authorized to communicate this resolution to the Chairman of the Senate Committees on Labor and Public Welfare and Finance and to consider its substance with the Speaker of the House for the purpose of delineating a joint statement of the position of the Democratic Majority in Congress.

RESOLUTION NO. 3 ON ECONOMIC FORESIGHT

(Adopted by Senate Democratic Policy Committee, April 9, 1974)

Whereas, the energy shortage has kindled a national awareness of the uncertain supply of many resources, materials and commodities vital to national needs;

Whereas, the energy shortage also revealed that the nation is not equipped to provide a continuing and interrelated evaluation of the status and availability of basic resources, materials and commodities and, hence, cannot make the most effective and timely response to situations of adversity, with consequent detriment to the national well being;

Whereas, the Senate Majority Conference has approved Leadership efforts to pursue, in concert with the Senate Republican Leadership, the establishment of an appropriate forum at the highest level of national life for the purpose of assuring that national needs are fulfilled; and

Whereas, the President has indicated in a letter dated March 25, 1974, to the Leaders of the Senate his readiness to cooperate in an examination of this question;

The Democratic Policy Committee recommends:

(1) that consideration be given to constituting a national instrumentality composed of representatives of the Legislative and Executive Branches and members of the agricultural, industrial, labor and other private communities of the nation;

(2) that such instrumentality, if constituted, have the capacity both to forecast potential areas of national economic crisis and to propose to the President and the Congress such planning and policy alternatives as may be necessary to prevent or mitigate any such crisis; and

(3) that the Majority Leader, in concert with the Senate Republican Leader, engage in discussions with designees of the House Leadership and of the Administration in pursuit of the establishment of such an instrumentality.

RESOLUTION NO. 4 ON ECONOMIC POLICY

(Adopted by Senate Democratic Conference on April 24, 1974

Whereas, the overall rate of inflation is at its highest level in 23 years, consumer prices are climbing at the highest rate since 1948 and wholesale price increases continue at double digit levels; and

Whereas, real gross national product is falling at the steepest rates in 16 years and the real earnings of wage earners continue their decline; and

Whereas, all authority to control wages and prices (except in the petroleum sector) and to secure and enforce commitments to exercise price restraint and expand industrial capacity will expire in seven days; and

Whereas, if all such authority is abruptly abandoned, a new surge of inflation will ensue with renewed pressure to impose wage and price controls; and

Whereas, runaway inflation poses a serious threat to the economic well-being of the nation;

Now, therefore, be it resolved that the Democratic Conference condemns the Administration's abandonment of the fight against inflation, pledges its efforts to improve the economic condition of the nation and to that end specifically supports legislation to restrain inflation by (1) requiring the Executive Branch to monitor all sectors of the economy, private and public and enforce economic stabilization decontrol commitments; and (2) permitting within a reasonable time an orderly termination of the wage and price controls program and be it further,

Resolved, that the leadership shall select the appropriate legislative vehicle on the Senate floor within the immediate future to permit these proposals to be considered and enacted by the Senate.

REPORT BY SENATOR HUGH SCOTT ON OVERSEAS MEETINGS

Mr. HUGH SCOTT. Mr. President, it is not my custom to be away from the Senate while it is in session and debating such important matters as have been under consideration during the last week. However, I know that these have been well handled in my absence on official business. I wish to thank my distinguished colleague from Michigan, Assistant Minority Leader Senator ROBERT GRIFFIN for his willingness to serve on my behalf on those issues.

I shall make a full report to the Senate in due course on my travels and meetings during the last 2 weeks, but wish at this juncture to present a brief résumé of my activities at the Interparliamentary Union meetings in Bucharest and the Dartmouth VIII Conference in Tbilisi, and my meetings with the President of the Romanian State Council Nicolae Caeusescu and General Secretary of the Soviet Communist Party Leonid I. Brezhnev.

I shall dwell but little on the Interparliamentary Union meetings which took place between April 15–20 as Senator SPARKMAN and other delegates have undoubtedly already given the Senators their impressions of the Conference. Suffice it to say that I had the privilege of representing the United States delegation at the final session of the Council of the IPU. At that time, we reached unanimity on the final joint communique drafted by the IPU. I do want to commend both Senator STAFFORD and Congressman DERWINSKI for their contributions to the meeting. Messrs. STAFFORD and DERWINSKI are the congressional representatives on the I.P.U. Council and Representative DERWINSKI is also a member of the executive committee. They, and all members of the delegation did excellent and highly useful work during the Conference.

Perhaps the American newspapers have already reported on my private talk with President Ceausescu of Romania. I actually had two press interviews in Bucharest, four in Moscow and three in Tbilisi.

I found President Ceausescu to be every bit as cordial personally and as well disposed toward this country as he had been on his visit to this country last year, and as he was during my visit with him in 1971. Romania is much concerned that its efforts to orient itself into the trade orbit of the West and fears the effect on mutual relations if the favored nation clause in the Trade Act is rejected and if American credits for its burgeoning industry are frozen.

The Dartmouth VIII Conference received its name from having held its first sessions at that campus 14 years ago. It meets every 2 years, alternating between an American and Russian city. This session, the first which I have had the pleasure of participating in took place in Tbilisi, the capital of Georgia, a small semiautonomous Soviet nation—one of 15 which make up the Union of Soviet Socialist Republics—in the southern area of Russia, between two ranges of the Caucasus mountains and the Black and Caspian Seas. It attracted such eminent Americans as David Rockefeller, of Chase Manhattan Bank; Norman Cousins, editor of the Saturday Review/World; Hedley Donovan, editor-in-chief of Time; James Ferguson, president of General Foods; William Hewitt, chairman of Deere & Co., and former U.S. Ambassador to the United Nations, Charles W. Yost, as well as a greater number of distinguished academicians, scientists, and foundation officers.

It was much to my regret personally that my esteemed colleague from Missouri, Senator STUART SYMINGTON, was unable to be with us during our sessions in Tbilisi, but I was honored to extend an invitation on the part of the Russian and American cochairman to Senator EDWARD KENNEDY to appear to address the participants in a plenary session.

The Russian contingent, headed by Yuri Zhukov, was made up of an equal number of prominent citizens of the Soviet Union. Although each of course, under the nature of the Soviet system, works for the State, their statements, open, were frank and varied.

To summarize those views and ours, I shall quote just two lines from the final communique approved by the conferees as a whole:

> The participants of the Conference see detente not as a temporary tactic, but as an on-going and indispensible instrument of world peace.

This was the overriding issue and our 4 days of meetings covered every aspect of making détente truly viable and continuing.

For example, in a 2-hour visit with the General Secretary of the Communist Party of the Soviet Union, Leonid K. Brezhnev, on April 26 in his Kremlin office, I stressed that these Soviet-American conferences serve as a powerful impulse for the development of cooperation between the two countries in the spheres of politics, science, technology and economy.

Mr. President, I ask unanimous consent to print in the RECORD the communique which Mr. Brezhnev and I agreed to upon the conclusion of my 2-hour talk with him as well as the remarks made at the opening session of the Dartmouth Conference on April 22, 1974, by Yuri Zhukov, Deputy to the Supreme Soviet of the U.S.S.R. and important political commentator for Pravda.

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

JOINT COMMUNIQUE ISSUED APRIL 26, 1974, BY GENERAL SECRETARY LEONID I. BREZHNEV AND U.S. SENATOR HUGH SCOTT

The General Secretary of the Central Committee of the Communist Party of the U.S.S.R., Leonid I. Brezhnev, today received Senator Hugh Scott, the prominent leader of the U.S. Republican Party of the United States Senate.

A wide range of questions concerning the development of relations between the U.S.S.R. and Washington and a number of international problems was discussed in the course of the talks. Particular attention was paid to the problems of arms limitation as well as to questions of widening trade and commercial ties on the basis of complete equality and with no discrimination. The substantial steps towards improving American-Soviet relations undertaken in the past two years and the prerequisites created as a result of these steps for the further development of peaceful and mutual cooperation between the two countries were carefully evaluated by the two leaders.

It was noted that all this was in the interest of the American and Soviet people as well as to the relaxation of international tensions and strengthening of universal peace.

Mr. A. M. Alexandrov, Assistant to the General Secretary, also took part in the conversation.

STATEMENT BY Y. ZHUKOV AT THE FIRST MEETING OF THE EIGHTH DARTMOUTH CONFERENCE IN TBILISI, APRIL 22, 1974

Distinguished friends, I am pleased to see here both veterans of our meetings, with whom we have been meeting regularly for more than 10 years now, and new colleagues who have joined our discussions. The Dartmouth Conference has become a traditional and very important forum, whose participants have a precious opportunity to hold frank exchanges of views on the most pressing problem facing Soviet-American relations and on the urgent problems of the world without being apprehensive that their utterances will be heard beyond this forum and distorted for propaganda purposes.

The experience we have acquired shows convincingly that such a form of exchange of views—not only at the meetings, but also in informal talks—is of great importance for strengthening mutual understanding and co-operation between us.

Since we last had discussions with you in cozy, snow-covered Hanover, where the hosts of Dartmouth College gave us such a hospitable reception that now it will be difficult for our Georgian friends to excell them in this—but I am sure they will do it all the same, for there is no land in the world more hospitable than Georgia,—a great many important events have taken place in the world. However, if we take a look at the road we have travelled and analyse it, I think you will agree that the most important factor, which also determines to a large extent, the overall development of the international situation, has been further development of the cardinal reconstruction of Soviet-American relations that began two or three years ago.

Our meetings in Hanover were held under the auspices of the most important decisions taken at the first Soviet-American summit talks in Moscow, in May 1972. Our present meeting in Tbilisi is held under the auspices of the most important decisions taken at the second Soviet-American summit meeting in Washington, June 1973, and on the threshold of the third summit meeting to the preparations of which were devoted Mr. Kissinger's recent visit to Moscow, President Nixon's talks with the Chairman of the Supreme Soviet of the USSR Podgorny

in Paris and A. A. Gromyko's meetings with Nixon and Kissinger in Washington.

The success of these talks is due, in a large measure, to the fact that the development of Soviet-American relations is based on a sufficiently firm foundation, built in the past two years, i.e. on the practical results of the two summit meetings. Only hopeless sceptics can deny the importance of the favorable changes that have already been achieved in the relations between the Soviet Union and the United States, the main tenor of which is their common desire to prevent the threat of war and contribute to the strengthening of international security and to the development of extensive, mutually beneficial co-operation.

As Comrade Brezhnev pointed out, we in the Soviet Union wish the new summit meeting to be marked by new, important steps toward the development of peaceful relations between our states and the improvement of international situation.

As Comrade Brezhnev pointed out, we in the Soviet Union wish the new summit meeting to be parked by new, important steps toward the development of peaceful relations between our states and the improvement of international situation.

I know that some of the incorrigible sceptics, who iced up and turned into icicles under the influence of their long involvement in the "cold-war", express far-fetched fears over this meeting and even try to persuade the President of the United States to abandon his trip. It is all the more important, therefore, that the wisest and most far-sighted Americans vigorously support the upcoming meeting, notwithstanding this.

Specifically, I have in mind the statements by Hugh Scott, the honorable Republican leader in the Senate who is present here, and by his colleague, Mansfield, the Democratic leader, made on April 3. "I think—said Senator Scott—that the President should go, and he must go enjoying full support of the American people". Mansfield for his part, said: "I want to pay tribute to the Senator for his very wise statement. I fully agree with him".

On the basis of the results achieved we can and must seek progress and make plans for the future with certain optimism. I would like to stress in particular that despite all the difficulties and obstacles the relations between the USSR and the USA have reached a stage where the two sides, as is stated in the final communique on H. Kissinger's stay in Moscow, have set themselves a binding goal—and I quote—"to make the process of the improvement of Soviet-American relations an irreversible one".

The Soviet public opinion actively supports putting the question this way. At the same time I was glad to read in the prepared report that they also take this attitude.

We are not at all inclined to overestimate the results already achieved in the development of Soviet-American co-operation or close our eyes to the great difficulties, which the two sides have yet to overcome. But the lofty goals, that the USSR and the USA set themselves aspiring to make the current détent irreversible, are worth the greatest efforts that will have yet to be made to achieve these goals.

It is in this spirit that we are beginning our discussions here today. We will, with complete frankness, say to each other what we think trying to understand each other better, and patiently, step by step, pave the way to solving the problems we are faced with. As usual, we will avoid making primitive propaganda speeches. We will respect each other's point of view even if we disagree with it.

At this point, I will not analyze the substance of the important problems which are inscribed on our agenda—a thorough discussion of these problems will be held in commissions and both sides will have a chance to present all their arguments in a comprehensive way. Besides, we will have an opportunity to meet and talk informally at breakfasts, lunches and dinners at breaks between the meetings and during tours. Incidentally, sometimes such contacts are even more fruitful than discussions at meetings.

I wish to state, first of all, that our delegation agrees, to a great extent, with the considerations presented in this paper.

We agree with your statement that the new era in Soviet-American relations—an era of relaxation of international tensions—was ushered in in May 1972 with the signing by President Nixon and General Secretary Brezhnev of the "Treaty on the Limitation of Anti-Ballistic Missile Systems" and the "Interim Agreement on Certain Measures with Respect to the Limitation of Strategic Offensive Arms" (p. 5). To this, and I hope you agree with it, we only add that the most important document, which ushered in this era, is the "Basic Principles of Relations Between the USSR and the USA", signed also at that time, in which both sides proclaimed their agreement "to proceed from the common conviction that in a nuclear age there is no other basis for maintaining relations between them, except peaceful co-existence" and proclaimed the principle of equal security of the sides, whose importance is also stressed in your report (p. 7), as well as the agreements on the prevention of nuclear war.

We fully agree with the statement of the American side to the effect that the basis of the policy for achieving a relaxation of international tension is, above all, our mutual interest in preventing a new world war (p. 1).

We agree that it is now necessary to take bold and decisive steps in the area of real and considerable reduction of thermonuclear arms in order to make the process of relaxation of international tensions unconditional and fruitful (p. 2).

We also agree with the statement in the American report that if the current talks on the limitation of strategic arms failed to reach their agreed objectives, which boil down to better qualitative and quantitative limitations on strategic arms and to taking measures on their effective reduction, the hopes of our peoples for peace could be frustrated by an uncontrolled arms race.

At the same time, it is clear to all of us that the problems, which are being discussed at the second stage of negotiations in Geneva, are very complex ones and call for their urgent solution. The very fact that the talks are continuing and that both sides are doing their utmost to find agreed solutions, is very gratifying and encouraging.

We fully share the viewpoint of our American collegues that the Dartmoor Conference is not the kind of forum where we should discuss concrete technical details of agreements of one kind or another, the more so that it is difficult to imagine technical problems more complex than those being dealt with at the talks on the limitation of strategic arms.

There is a great deal of talk about various formulas and principles of approach to agreement at the second stage. There is no doubt, however, that the cardinal principle of equal security of the sides, barring them from getting unilateral advantages directly or indirectly should continue to be the basic formula for bringing the talks to a successful completion. It was precisely the most scrupulous observance of this principle that made it possible to arrive successfully at agreed solutions at the first stage of the talks. This principle can be ensured only on the condition that due account is taken of all the aspects of both current and long-term strategic situation.

As you know, in the course of the preparatory talks, which State Secretary Kissinger had in Moscow and Minister for Foreign Affairs of the USSR Gromyko had in Washington, much attention was devoted to the problem of further limitation of strategic arms. The sides noted that despite the complexity of this problem there is every possibility for reaching mutually acceptable solutions. The two sides intend to continue vigorously their efforts to find such solutions.

A few comments now on the political problems referred to in the report of the American side.

1. *European security*. We regret that the questions of European security did not find a more detailed reflecting in the American report. Of course, this is a problem of multilateral relations rather than Soviet-American. But at any rate, it cannot be reduced only to the question of exchange of information and people, as some attempt to present it. In the first place, it is a question of turning the entire European continent into a zone of stable peace and security, where the relations among states would be based on the principles of peaceful co-existence and businesslike co-operation. Naturally, our two countries can and must make a great constructive contribution to a successful completion of the work of the European Conference on Security and Co-operation.

In this connection, it would be of great importance to reach an agreement, as soon as possible, at the current talks in Vienna on the mutual reduction of armaments and armed forces in Central Europe. Such a reduction, to be effected on an equal basis, would supplement the political detente with a military detente and contribute to the strengthening of peace and security on the European continent and building up trust between countries with different social systems.

2. *Middle East*. We agree that as a result of Soviet-American co-operation and the UN initiatives there are, at present, substantial grounds to hope for a durable peace in the Middle East. But at the same time, it is rightly pointed out in the report that the principal problems, which were the subject of UN Resolution 242 of November 1967, remain unsolved (p. 16). My colleagues, among them Comrades Primakov and Belayev, are prepared to speak on the substance of these problems in the respective commission.

3. *East and South-East Asia*. We agree that in the past few years there have been many positive changes in this area. As is correctly stated in the report, all countries welcomed the agreements on the termination of hostilities in Indo-China and on the activity aimed at a peaceful settlement. The report rightly states that the establishment of effective security and a just settlement of all major problems in Asia depend, to a considerable extent, on co-operation of the great powers adjoining the Pacific basin (p. 18).

At the same time, we state with satisfaction that it is pointed out in the report that the Soviet proposal on holding a conference on security in Asia can be a useful initiative; the report notes that this proposal has acquired an even greater weight after the recent statement by General Secretary L. I. Brezhnev that "all state of Asia without any exception should take part in it" (p. 19).

4. *Indian Ocean*. The report notes correctly that the process of reducing the danger of a new war and the abandonment of the policy of confrontation are linked to the establishment of "a peace zone" in this area.

The section of the report of the American side, dealing with the problems of scientific co-operation is a very interesting one. A whole number of ideas, contained in this section of the report, specifically on the productivity of agriculture, on biogeochemical cycles, on shaping the environment and others will, undoubtedly, be usefully considered by the respective commission.

As regards the economic relations between the USSR and the USA, we are in full agreement with the statement in the American

report that the latest period is characterized by the determination of both sides to seek a substantial, high and stable level of economic ties; indeed, particularly characteristic of this new era are the agreements providing for broad technical and economic cooperation and also the establishment of institutions called upon to promote further the development of economic ties, such as the Soviet-American Board for Trade and Economic Relations.

The report also notes correctly that the healthy spirit of the economic detente is illustrated by the fact that after being an insignificant trade partner of the Soviet Union the United States has become one of its main trade partners among Western countries (p. 38).

We welcome the statement in the report that a sincere and persistent desire to have close economic ties with the Soviet Union is characteristic of the broad business circles and the present US Administration (p. 43).

We agree, at the same time, that the results achieved should not be overestimated. As is said correctly in the report we can be confident about fulfilling the pledge of a new era in economic detente only if we will take tirelessly joint efforts to overcome differences and eliminate obstacles. We accept your offer—to seek, in a frank and open discussion, ways for overcoming our problems and disagreements and taking decisive steps to make irreversible the considerable and stable growth of the volume of our economic ties. The report rightly states that by promoting mutual understanding and mutual accommodation the economic detente will help achieve our common goal—a lasting peace (p. 47).

Finally, we fully agree with you that personal contacts between Soviet and American public and political figures both formal and informal, are a valuable help in official political efforts aimed at strengthening the economic relations between the USA and the USSR (p. 55).

At the same time, we would like to try together with you to analyse a number of questions arising in connection with the wave of pessimism that can be observed in the USA—I would say—feigned pessimism—in the evaluation of the further development of Soviet-American relations, which you mention in your report.

You write, among other things, that the American public shows manifest signs of diminishing faith in the possibility of relaxation of tensions (p. 3). We would be grateful to you if you specified what you mean in particular, who it is and why he sows such pessimism.

In point of fact, according to the public polls three quarters of Americans favor further development of co-operation with the U.S.S.R. As far as the business circles are concerned it is well known that President of the National Industrialists' Association Douglas Kenna, member of the Board of Directors of the U.S. Chamber of Commerce Daniel Goldie, the Association of the U.S. Chemical Industry and other prominent figures, associations and corporations have also come out in favor of this, specifically in the course of the debates in a number of Congress commissions. At the same time, heads of some biggest corporations are successfully developing business ties with us.

We know that politicians of the Senator Jackson type are swimming against the current. But to what extent is their influence reflected on the opinion of the majority of Americans? At any rate, we would like you to clarify your thesis to the effect that the American public shows signs of diminishing faith in the possibility of relaxation of tensions

Moreover, the American reports mentions a number of fears, which are caused, in their words, in the American public, by the policies of the Soviet Union. We are well familiar with the attempts of the foes of detente to sow doubts being made to impede the development of Soviet-American cooperation and we refuted their arguments more than once. However, since some people in the United States continue to trust the propaganda that distorts the true aims of the Soviet foreign policy, we are obliged to make these questions clear.

The report, for example, speaks of certain concern over the plans of the U.S.S.R. in the area of the Indian Ocean because of the fact that the U.S.S.R. (as, incidentally, also the U.S.A.) abstained at the United Nations in the vote on "the peace zone resolution", and meanwhile—I quote from the report—"the U.S.S.R. got the right to use the dock facilities and ports for its navy on both sides of the Indian sub-continent" (p. 20).

Let me explain to you that such interpretations, which, indeed, often appears in the American press, puts everything upside-down. First of all, the Soviet Union, as was stated with authority, *inter alia*, by Comrade Brezhnev during his visit to India, is not opposed in any way to making the Indian Ocean a zone of peace; on the contrary, it supports this idea. If the delegation of the USSR abstained in the vote on the resolution you mention, it did so only because it contained some unacceptable provisions violating the generally recognized principle of the freedom of navigation; while the question of foreign military bases—and it is military bases that are a threat to peace—was not dealt with adquately in the resolution.

Secondly, the allegation that the USSR has some kind of military bases in the Mediterranian and in the Indian Ocean and also that the USSR got the right to use the dock facilities and ports on both sides of the Indian sub-continent is false from beginning to end. Soviet ships use the space of the Indian Ocean as well as of the other oceans equally with ships of all other countries. But unlike some other states which have military bases on foreign territories and, specifically, are about to establish a new base on the island of Diego-Garcia, which fact is correctly stated in the report of the American side, the Soviet Navy manages without bases on foreign territories. It makes its official and business calls at ports of other states on the generally accepted basis. It does not have at its disposal in the area of the Indian Ocean any dock facilities or ports for its needs, and follows the Latin saying "All which is mine I carry with me".

Now, the report of the American side states that "in the USA there is still concern over possible world claims of the Soviet Union, particularly fears of political expansion of the Soviet Union. Especially grave anxiety is caused by the building up of nuclear armaments and the navy and also by the restriction of freedom and human rights" (p. 44).

You write "there is *still*", from which I can conclude that in your opinion such delusions are on the decrease, and we can only rejoice at this with you together. However, as these delusions still persist, and while they are being constantly whipped up by malicious anti-Soviet propaganda, we can not disregard them.

The fact that in the United States even now, three years after the Twenty-Fourth Congress of the CPSU adopted the Peace Program, after such tremendous successes have been achieved in the implementation of this Program, after the principles of peaceful co-existence and equal security have been generally recognized, after the situation in Europe has been normalized on the basis of the recognition of the inviolability of borders and the renunciation of the use of force or its threat and after a radical turning point has been reached from hostility to co-operation in the relations between the USSR and the USA—the fact that even under these conditions there are people who *still* fear some "world claims" and "expansion" of the Soviet Union points to many things.

This fact reminds us of how much we have yet to do to dispel the persistent prejudices remaining from the "cold war". I am sure that in the final analysis we will succeed in it.

As regards the question of freedoms and human rights, which, incidentally, are not threatened by anything in the USSR, I would like to recall to you, so as not to come back to this question again, what was said in October last by Comrade Brezhnev at the Moscow Congress of Peace Forces about the anti-Soviet campaign mounted in the West under the slogan of "protection of human rights" in the socialist countries:

"Some initiators of this campaign contend that detente is impossible if no changes take place in the internal order of the socialist countries. Others seem to be unopposed to it, but declare with striking candidness their intentions to use the process of detente to weaken the socialist system, and strive, in the long run, for its breakdown. This tactic is presented to the broad public under the guise of concern over human rights or the so-called "liberalization" of our system.

Let us, dear friend, call a spade a spade,—Comrade Brezhnev went on to say,—there is talk of freedom and democracy, of human rights, while in fact this entire noisy campaign serves one purpose: namely to cover up the attempts at interference in internal affairs of the socialist states . . .

"Either you change your way of life or we have the 'cold war' we are told. But what if we retort in the same way? What if we, as a condition for the development of normal interstate relations, demand a change in such laws and regulations in the bourgeois society which run counter to our concepts of justice and democracy? I do not think such demands will improve the prospects for the sound development of interstate relations,"—concluded Comrade Brezhnev.

I would add to this that the late President of the USA Franklin D. Roosevelt realized full well the importance of this question. It was through his initiative that in November 1933, when relations between the USA and the USSR were restored, in the agreement with People's Commissar for Foreign Affairs Litvinov there were stipulated in the most careful manner provisions on non-interference in internal affairs of each other. These provisions remain in effect.

So, dead friends, we are going to continue with our dialogue started by us at the initiative of our friend Norman Cousins early in the 60-s at our first modest meeting in Dartmouth College. Those times were immeasurably harder, but to the credit of the Soviet and American citizens who came together then on a private basis; they were able to see on the international horizon overcast with black clouds a glimmer of hope for better times. They have turned out to be right having displayed sober-minded optimism, inherent in our two peoples, in the appraisal of prospects and political realism.

Yes, distinguished friends—political realism is the best criterion of an objective appraisal of developments. It calls for seeing both positive and negative aspects of international life, and for sober-mindedness in appraisals, which has nothing in common with sterile negativism or fool's rapture, as the Russian people say. In conditions of detente it is, indubitably, easier to solve any problems, but is it possible in some three years to adjust fully the mechanism of relations between East and West, which has been rusting for a quarter century of the "cold war"? There have been and will continue to be difficulties, and one can agree with the American Christian Science Monitor, which does

not consider detente "a magic formula" promising "easy solution to all international problems".

There are no easy paths in international politics or in the improvement of relations between states that represent opposing worlds. Nor are there insurmountable difficulties. "The Soviet and American sides share the view that there are no such obstacles that could not be overcome",—stated recently the Washington Post.

To tell the truth, as a political observer of Pravda I do not often share the views of the Washington Post, in fact I frequently cross swords with it. In this particular case, however, I agree 100 per cent with its statement.

So friends, let's get down to business and guide ourselves by this principle: there are no such obstacles that could not be overcome when it comes to the development of Soviet-American relations, which are of such paramount importance to the cause of world peace.

CALIFORNIA'S EARLY CHILDHOOD EDUCATION PROGRAM

Mr. CRANSTON. Mr. President, Newsweek columnist Shana Alexander spotlighted California's unique early childhood education program in a recent article which I would like to share with Senators. Ms. Alexander's column provides a good sketch of what an ECE program in California looks like and why it creates such excitement among children, parents, and educators.

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:

FOUR MILLION LUCKY KIDS

(By Shana Alexander)

Riddle: What's disastrous at both ends and wrong in the middle?

Answer: The education of the American child.

We spend $52 billion a year on public education, and still Johnny can't read and can't add—learning doesn't excite him. He drops out. High-school SAT scores have declined steadily for the past ten years. Colleges today have a half million unfilled places, and in the past year, 50 more colleges were forced to shut up shop.

The resultant waste of minds is staggering, its cost to the nation incalculable. Nothing we have is more precious than the next generation. To deny them the best possible start in life, to fail to prepare them to deal with this increasingly complex world seems to me a monstrous crime against our own humanity. If not genocide, it is at least an appalling form of slow national suicide.

One man determined to stop this waste is Wilson Riles, since 1971 California's superintendent of public instruction. Huge, graceful and ebony-black, Riles is a schoolmaster with the bearing of an emperor. In a sense, he is—his empire being America's largest public-school system, and his subjects its 4 million students. California's kids are urban and rural, rich and poor, white, black, Spanish-speaking and Oriental—altogether the most polyglot and difficult school population imaginable.

AN EXPLANATION

Today it is also the youngest. Thanks to Riles's passionate belief in early childhood education (ECE), California children begin public school at age 4½. Someday he hopes even to enroll 2½-year-olds. Recently I called on the superintendent in his Sacramento office and he explained why.

"Education is not like some of our other social problems. In education we know what to do, we know how to teach," Riles said.

"I am responsible for 4 million children, kindergarten through high school, of great diversity in wealth and ethnic background. Where better to begin than at the beginning? About 50 percent of a child's learning potential is developed by age 5, 80 per cent by age 8. By age 8, the end of the third grade, every child should be reading, computing, communicating and—above all things—excited about learning."

Accordingly, Riles and his staff developed a comprehensive ECE master plan and got the legislature to allocate $52 million for the first year's trial run, sufficient to cover one-fourth of children in kindergarten through third grade. To have included all eligible children would have cost a whopping $350 million. First legislators, and parents, had to be dazzled by what ECE could do. It was important too not to spend the money only in ghetto areas, but to demonstrate that all Californians had a stake in the program's success. ECE is a direct boon to California's taxpayers, who are now spending $150 million annually in remedial education, trying to repair damage that has already been done. "Compensatory education should not even be a career," says Riles. "The idea is to have it self-destruct."

RULE ONE

An ECE class doesn't look like a regular schoolroom. Rule one is to throw out rows of chairs, let kids cluster together on squares of carpet, and make procedures conform to the restless, curious natures of young children rather than forcing 5-year-olds to sit in rows like graduate students. Probably graduate students shouldn't sit in rows either.

A classroom offers several places to work—perhaps a pillow-cushioned reading center, an art table, another small table with math toys, another with reading and listening machines.

In deprived areas, "disadvantaged children," as they are called, represent one-fourth to one-third of the total school population. There the educational problem is not only acute but self-perpetuating from generation to generation; parents themselves barely literate cannot teach their children. As one black school principal told me, "If you shoot me dead in the head, I'm just gone. But if you shoot a child's brain, that's a l-o-o-o-o-ng death."

At the Russell School in Watts, which I visited, older children work with younger ones; fourth-, fifth- and sixth-grade volunteers assist in kindergarten through third grade. The volunteers are deliberately not the best readers in their own classes. Rather they are those whose own skills and self-image need strengthening. In one corner, two Spanishing-speaking youngsters struggled through an English reader, the 14-year-old boy tutoring an 8-year-old. Heretofore, for both kids, school had meant only frustration and failure. To see *both* youngsters learning now brought sudden tears to my eyes.

An old-time teacher told me, "This place used to be bedlam. I used to keep my running shoes on, to get out in time if I had to. We couldn't even keep a typewriter in the office. Kids would rip it off. Last year we found the custodian hanging from a coat hook. This year we've had just one minor paint-throwing since September."

MOTHER'S INVITED

Parent involvement is crucial to ECE success, especially as younger children come into the program. California parents once had to drop kindergarten children at the schoolhouse door. Today mother is invited in, and can even bring baby along. While the infant waits in a special day-care nursery, the parent may held tutor children or join a grownups' paint or pottery class. My favorite bit of parental artwork showed an exuberant poster-paint sunrise beneath a rainbow of dollar bills.

The final payoff of ECE is that it offers as much fresh sunlight at the far end as the near end of the educational tunnel. With ECE, the last year of high school becomes obsolete. By then, bright kids especially are bored to death with school anyway. So why not offer them jobs, travel or community work as alternatives to the supervised classroom? This would free teachers and liberate students to do what they want most: to "get tied in to something real."

It would also give them some kind of job skills, an idea with as strong appeal to affluent as to working-class families. In a sense, economically overprivileged but unskilled kids are the most disadvantaged of all.

In short, says Riles, early childhood education does not just pull up the bottom. It can take the ceiling off the bright kids, too.

When the ECE system becomes fully operational in California, it may turn out to be the most valuable news out of that state since 1849.

UNEMPLOYMENT PROBLEMS IN ALASKA

Mr. STEVENS. Mr. President, many hundreds of misguided jobseekers continue to travel to Alaska in search of employment on the Trans-Alaska Pipeline project.

These jobseekers do not have the true information about the employment picture in Alaska. Alaska has the highest indigenous unemployment rate in the Nation. Our cost of living is higher there than in any other State. These facts do not auger well for the ill-prepared jobseeker who is propelled to Alaska by rumor and gold rush stories of fortune. It is imperative, I think, to get the true information to those who would consider chasing employment prospects to Alaska.

Recently the Copley news service distributed a story written by Judy Graham concerning employment on the trans-Alaska pipeline. This story does provide accurate information that should be considered by pipeline jobseekers.

I ask unanimous consent that appropriate portions of the story be printed in the RECORD.

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

NO HELP WANTED: JOB SEEKERS WON'T STRIKE IT RICH IN ALASKA

(By Judy Graham)

ANCHORAGE, ALASKA.—At the turn of the century it was gold that brought thousands of Americans "north to the future." Many of them never got close to Klondike gold—some were swept away by avalanches on the precipitous Chilkoot Trail, others starved trying to cross glaciers or drowned in the Whitehorse Rapids.

Others just never found gold, and went south again disillusioned.

Now it's oil that may draw thousands of job seekers with the prospect of pipeline jobs in Alaska, where wages average 15 to 25 per cent higher than "down below." The trip north may not be so hazardous now, but the chances of striking it rich haven't improved a lot since 1898.

Nevertheless, a report issued by the state of Alaska shortly after federal authorization

of the trans-Alaska pipeline last January warned there may be "large numbers of unemployed, unskilled persons driving up the highway with their families, competing with Alaskan workers for jobs, or ending up as social and economic burdens to the people of Alaska."

At the same time Alyeska Pipeline Service Co. was reporting as many as 600 job seekers arriving in Alaska each month, and no jobs waiting for them.

"Many entire families find themselves stranded, cold and homeless," added John Ratterman, spokesman for Alyeska in a letter distributed to 35,000 "friends of Alaska," including newspapers around the country. The letter was part of Alyeska's "continuing effort" to discourage outside job seekers.

The fact is, there just won't be that many "casual" jobs, and most of them are likely to go to Alaskans.

Recent estimates by Alyeska call for 9,100 workers for the first year of pipeline construction, rising to 14,200 the second year and falling off to 10,600 the final year. About 1,400 management and technical personnel will be based in Alaska.

That sounds like a lot of jobs for a state with a population of a little over 300,000. But while the nation's unemployment rate just rose to 5.2 per cent, Alaska is plagued with a chronic jobless rate of 9 to 10.4 per cent—by far the highest in the country.

In 1972, the state Legislature passed an Alaska Local Hire Bill, requiring that residents be given preference for pipeline construction and some other jobs in the state.

That still may not solve the problem. A pipeline impact study prepared for the North Star Borough—where Fairbanks, "the hub of the pipeline," is located—expressed concern that long-time Alaskans may lose out on jobs to outsiders who are better educated or trained.

To offset this, the U.S. Department of Labor is developing a program for training unemployed Alaskans for pipeline construction and support jobs. The plan includes on-the-job training in cooperation with Alaskan unions.

Anchorage Teamsters' leader Jesse Carr recently outlined his own plans for recruiting and training "Alaskans first" for Teamsters' jobs on the pipeline. "If I run out of Alaskans, then I'll go outside," he was quoted as saying.

Other unions in the state are taking a similar stand and telling their affiliates down below to stay home unless they're called.

But it's hard to discourage people from coming north, especially when they've seen ads offering pipeline "job information"—for a fee—in newspapers in the Lower 48.

Alaska is already feeling the pinch.

By the end of last year the Salvation Army in Anchorage was reporting a 30 to 40 per cent increase in its welfare cases over the previous year, and it's expecting the situation to get worse.

"It's going to be close to disaster proportions," said a Salvation Army spokesman. "What are we going to do with them all?"

He described the typical case: "They overload the car with all their belongings. The car breaks down in Whitehorse (Canada) and they use their last penny for repairs. They get up here with no money and they can't find a job. They've probably underestimated how rugged it really is up here, and they have no place to stay.

"But still they keep coming." He quoted estimates of as many as 200,000 outsiders flocking to Alaska before completion of the pipeline.

SENATOR DOMENICI'S THOUGHTS ON THE AMERICAN FARMER

Mr. EASTLAND. Mr. President, I have had occasion to become aware of a speech given by the distinguished junior Senator from New Mexico (Mr. DOMENICI) to a group of New Mexico farmers during the Easter recess. It appears to me that the thoughts expressed by this perceptive young Senator are worthy of the consideration of all Members of this body, relating as they do to the importance of the American farmer not only to this Nation, but also to the entire world.

I particularly agree with Senator DOMENICI's idea that, because of this great potential for human benefit the U.S. Government has an affirmative duty to help farmers achieve that potential. Too often in the past some of our best intended actions have actually interfered with that objective. So, in my opinion, the affirmative duty to provide assistance carries with it the duty to examine all Government actions for their possible unintended adverse effects. Our farmers and their contributions to the welfare of the world are too important to do otherwise.

For these reasons, Mr. President, I request unanimous consent that Senator DOMENICI's remarks be printed in the RECORD.

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

SPEECH BY SENATOR PETE V. DOMENICI

It is a great pleasure for me to speak to you here today. I have the greatest respect for the American farmer. American agriculture is the envy of the world. American farmers are the most productive in the world. This productivity has enabled our country to be the strongest in the world. No other country in the world can point with pride to what we Americans too often take for granted—that is the fact that only 4% of our 210 million people produce more than enough food and fiber to supply all of our basic needs. In Russia, 32% of the population is engaged in agriculture. In the Red China, 67% of the people vainly attempt to produce enough food and fiber for their needs. Both of these countries have recently had to buy our wheat—a sure indication that they aren't self-sufficient.

Let's take a quick look at our comparative productivity to Russian farmers. American farmers produce 40% more wheat per acre than Russian farmers. Our yield of corn is 85% greater per acre. And our yield of grain sorghum is a staggering 338% greater. The Russians know this—and it is one of the reasons they are interested in detente. They want to share in the technology which enables American farmers to be much more productive than their farmers. I am quite leary of sharing our technology without agreement from them to lessen their military budget and make some other concessions. It seems obvious to me that if they could become more efficient farmers, some of the 32% of their population now employed in agriculture would be available to produce other goods—and I don't want to see those other goods be war materials. This gives me grave qualms about detente.

However, even if Russian farmers had our technology, they would not have our profit incentives—the profit incentives which we have finally seen unleashed this last year. After 40 years of government-administered surpluses—40 years of holding back the productivity of American farmers—we have finally begun to encourage full productivity. Economists have long said that we do not have production problems in agriculture—we have distribution problems. This fact always bothered me, since it was used to explain the paradox of limiting American farm production while most of the rest of the world went hungry. We are no longer asking you to limit production—and we are trying to develop stable foreign markets for your products.

Why this sudden change? Why now, after 40 years of surpluses? I think that there are a number of factors involved. World population growth is one. The world population will be 4 billion by 1980. Lessened tensions with Cold War enemies which enables trade with them is another. The devaluation of our dollar in the world currency market is also a significant factor. This devaluation has made our agricultural products much more competitive in the world market. We have seen the resulting increased demand from this combination of factors.

However, dollar devaluation has caused imported raw materials to cost us more. Petroleum products—fuels and fertilizers—steel products—baling wire—and other raw materials now cost us more than ever before—and you feel the pinch when you buy, or try to buy, baling wire or fertilizer or other products affected by these raw material prices.

So now, in the last year, you have been experiencing for really the first time problems in production—not only in distribution. Problems with obtaining fertilizer due to price controls and the lack of domestic production capacity to supply your needs. I saw last year that price control of fertilizer was causing export of fertilizer you needed. I fought with you for decontrol of fertilizer prices. Even though we won our fight, there still is not going to be enough fertilizer available this year to meet your demands because American fertilizer plants can't make enough. Two large ammonia plants are currently under construction in Oklahoma, but they will not be completed this year.

Baling wire presented a similar problem. There are only three major producers of baling wire in the United States. The Japanese had been exporting a large amount of wire to us before dollar devaluation made it more profitable to make higher profit margin steel items. Not many people in the cities think baling wire is important to our farmers, but there was 44 million dollars' worth of hay produced in New Mexico last year, and at least 30 million dollars' worth was baled—mostly with steel wire. I fought successfully to allow a price increase to our domestic wire producers to encourage them to resume production. Again, even though we eventually won, they will not be able to produce all the baling wire we need.

The beef producers' problems of this past year, which are now even more acute, were caused by government interference to a great extent. The price freeze last year disrupted the orderly flow of beef to the consumer. Demand for beef was adversely affected. The independent truckers strike further hurt the cattle industry by backing up overfat cattle in the feedlots. American cattle feeders have lost more than a billion dollars since September of last year. That is one billion dollars of capital investment destroyed—taken out of our rural economy. This loss hurts the small town banks and businessmen, as well as the rancher and feedlot operator.

What have we learned from these recent experiences? One thing we should have learned is that price controls don't work—in fact, they are counterproductive. Would you plant grain if you knew you would lose money on it? Does the consumer have the right to ask you to do that? *Definitely* no, to both questions. Can we expect to buy fertilizer and wire at prices which insure losses to the industries which produce them? Again, no—no we can't.

What we have learned is that government price controls are doomed to failure because they are contrary to the basic American free enterprise system. We have seen this proven beyond a shadow of a doubt this past year. If adequate profits can't be made on any

item, the supply of an item will dry up. Many of us have taken that truism so much for granted over the years that we lost sight of it. I don't think we will soon make that mistake again.

What responsibilities does government have to the American farmer? Government has the responsibility to give you a fair chance to make a good return on your investment—the same chance given any other businessman, because that's what you are—businessmen. And if government is going to ask you to produce as much as you can—a vital necessity to maintain a healthy nation and a favorable balance of payments—then it is government's responsibility to insure that you are able to use your great productive capacity to its maximum extent, free from shortages in production factors—shortages such as baling wire, fertilizer, and fuel.

I have great faith in the American farmer. I am sure that you will continue to provide the solid base upon which the whole American economy is constructed—the very foundation on which all the benefits of American life are built. As your Senator, I will continue to strive to see that our government meets its responsibilities to you.

OUR MEN MISSING IN LAOS

Mr. PERCY. Mr. President, on April 22 in Vientiane, a spokesman for both delegations to the Joint Central Commission in Laos said to a local reporter that the Commission should take up the question of prisoners of war. There has also been a news report that Emmet Kay, a civilian pilot held prisoner in Laos since May 1973, may be released by the Lao Patriotic Front within 60 days.

My latest information is that a spokesman for the Vientiane side has said that the question of release of POW's will be discussed by the Joint Central Commission at its next meeting in early May. The Commission was established to implement the agreements reached by the parties to the formation of the new Lao Government on April 5.

These are heartening reports.

At the time the Paris Cease-Fire Agreements on Vietnam were signed in January 1973, almost 300 Americans believed missing in Laos. It was hoped at that time that the signing of the Paris Agreement would result in the release and accounting not only for American servicemen in North and South Vietnam, but also for those who had been lost in Laos over the course of the war. Unfortunately, despite strong representations to North Vietnamese and Pathet Lao authorities by the U.S. Government, only nine Americans were identified by the Pathet Lao as having been captured. These nine prisoners were released by April 1, 1973, in Hanoi along with the almost 600 other American prisoners from North and South Vietnam. But subsequent efforts to obtain information concerning other Americans who might have been captured or who were missing in Laos have been wholly unsuccessful.

The Laos Cease-Fire Agreement which was signed on February 21, 1973, and the subsequent protocol to that agreement of September 14, 1973, contained provisions relating to the return of and accounting for prisoners but, for the most part, these obligations were not to become operative until the formation of the Provisional Government of National Union provided for in the agreements. The protocol did provide that within 15 to 30 days from the signing of the protocol the two parties were to report the number of prisoners still held and the names of any who died in captivity. Unfortunately, that date passed without any lists being produced.

On April 5, 1974, when the Lao coalition government was at last formed, new hope was raised for additional prisoner releases and new information about those missing in Laos.

It is still too early to know whether the reported Pathet Lao decision to release Emmet Kay in 60 days signifies an intention on the part of the Lao Patriotic Front to move promptly to fulfill its obligations under the Laos agreement and protocol of 1973. Although it is difficult to understand why Mr. Kay's release cannot take place immediately, it is interesting to note that the end of the 60-day period mentioned by the Pathet Lao would correspond roughly to the 60-day period following the formation of a Provisional Government of National Union originally specified in the Lao Cease-Fire Agreement as the deadline for returning all prisoners of war held by either side.

We would hope that the Lao Communist authorities would release Mr. Kay and any other prisoners they may hold and provide all information that they have concerning the fate of other Americans.

Although Laos suffered cruelly in the course of the war it is today perhaps the most fortunate of the Indochina states. Little, if any, fighting is taking place in Laos and all factions within that country are now engaged in the task of organizing their new government. How this experiment will work out in the long term, no one knows. For the moment, however, peace seems to have returned to Laos.

I am confident that all Americans wish the Lao people and their new government well. The Lao Leaders, and especially the Lao Patriotic Front authorities, should know that Americans are awaiting further word about our men missing in action in Laos. We have waited and hoped and have sought to hasten the formation of the new Lao Government. The time has now come for the Pathet Lao authorities to make good on their legal and humanitarian obligations to account for the missing men.

HUBERT HUMPHREY, THE HAPPY WARRIOR

Mr. ROBERT C. BYRD. Mr. President, in earlier and less complicated days in the American political arena, a popular and respected man earned the title of "The Happy Warrior."

Today, I would like to note the presence on the Senate floor again, during the past several days, of our own "Happy Warrior." Senator HUBERT HUMPHREY, to use the words of a recent Washington Star-News editorial, has suffered "a winter of discontent," during which he endured much physical pain. Knowing the distinguished Senator from Minnesota as we do, I am sure that the mental frustration he suffered from being away from the Senate floor was equally disturbing to him.

In the newspaper editorial to which I referred, Senator HUMPHREY was described as exuberant. This is an apt word, but to his verve and enthusiasm, there must also be added the qualities of sober judgment and an inordinate capacity for taking pains in the routine, time-consuming legislative duties that are inescapable parts of a responsible legislator's everyday life.

As mayor of a major city, as a U.S. Senator, and as Vice President of the United States, HUBERT HUMPHREY has spent his life in the center of the affairs of this Nation. His contributions to the well-being of the United States are too numerous to mention at this time. Suffice it to say that I and, I am sure, his colleagues on both sides of the aisle in this body are delighted to see him again with us. On and off the Senate floor, his cheerfulness and optimism are infectious, his political maturity and judgment are reassuring, and I believe that I voice the feelings of all Senators when I say—in the words of the Star-News editorial—"welcome back."

I ask unanimous consent that the editorial, to which I have referred, be printed in the RECORD.

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

BACK TO WORK

When we think of Hubert Humphrey, a man we think a great deal of, the word "exuberance" springs to mind. The word fits. It contains, come to think of it, most of the letters in "Hubert," and in their proper order, too. A man of great enthusiasms, remarkable vigor, an inexhaustible fountail of language, and a talent for poking fun at himself.

For a man who has been so long at the center, or very near it, of this nation's political life, his absence from the stage for much of this past winter, the winter of his discontent, gave many of us an uneasy feeling. What was wrong?

Well, we knew better than to underrate the extraordinary toughness of this longtime fighter who remains so surprisingly young at the age of close to 63. It turns out he was off having six weeks of daily heat X-ray treatments for small tumors of the bladder—whether or not malignant, the doctors don't agree—but treatments that left him to suffer weeks of dreadful pain.

And, of course, he bounced back. He's at his stand in the Senate again, working the old 18-hour days, full of the usual beans, and looking and feeling good.

"I really don't worry about it," he said the other day, looking back on the ordeal. "I say in my mind, 'To hell with it, I have something else to do.' "

Welcome back.

TRIBUTE TO JOHN F. GRINER, 1909–74

Mr. STEVENS. Mr. President, last Monday America lost another one of its great citizens, John F. Griner, a prominent and universally respected labor union official, passed away at his Cairo, Ga., home. He was an active member of the AFL–CIO executive council up to his death, and an open, honest friend to

those who were lucky enough to know him. He will remain a man who fought both for his beliefs, and for those he represented.

Mr. Griner was born in Camilla, Ga., on August 7, 9 years after the turn of the century. After his graduation from Columbus University he worked until 1936 with various railroads in the United States. Then, on November 27, 1936, he married his wife Claranell who now survives him with their two sons and two grandsons.

From 1936 to 1962 he served in Chicago as an adjudicator, liaison officer, and labor relations officer on the U.S. Railroad Retirement Board. In 1962, after the vice president for 16 years of the Illinois, Mich., and Wisconsin district, John Griner was elected the national president of the American Federation of Government Employees. For the next 10 years he was an outstanding President of the AFGE, whose membership he tripled to 325,000 in a decade.

Mr. Griner was a leading member of the Order of Railroad Telegraphers and the American Train Dispatchers Association, and was in addition a honorary member of three other railroad associations.

In my capacity as a U.S. Senator, I often had the opportunity to hear him give strong testimony before the Post Office and Civil Service Committee. He constantly fought for the AFGE, and in this did a great service to the country and especially to Alaska, where the Government is the top employer.

His death will be deeply regretted by all Alaskans. I can only hope that John Griner's tradition of honest, strong representation of his constituents, and he had constituents in the same manner that we in Congress have constituents, will be remembered and continued. I shall miss him as a great American and as a good friend, and I extend by deepest sympathy to his family.

DEAN IRVING R. MELBO

Mr. CRANSTON. Mr. President, I congratulate Dr. Irving R. Melbo, dean of the University of Southern California's School of Education, upon his retirement. He is an outstanding educator who has served public education well during a long and productive career.

Dr. Melbo received his master of arts degree from New Mexico Western College and—in 1934—his doctor of education degree from the University of California, Berkeley. His professional career in public education began with the Division of Textbooks and Publications of the California State Department of Education. He then became director of the department of research and curriculum for the Oakland Public Schools and, in 1938, became deputy superintendent of schools for Alameda County. The following year Dr. Melbo joined the faculty of the University of Southern California, and in 1953 he became dean of the school of education.

At the University of Southern California, Dr. Melbo instituted new recruitment and training programs to meet the critical shortage of teachers; he advanced the specialized training of teachers of handicapped persons; he spearheaded the establishment of two reading centers and supervised the construction of the Waite Phillips Hall of Education, the 12-story building currently housing the school of education. While at the university, Dr. Melbo authored books on education, history, natural history, and the social sciences.

With programs that now reach into several nations, the University of Southern California's School of Education has become an international influence in the field of teacher training. I wish to express my appreciation to Dr. Melbo, now dean emeritus, for his innovative and effective efforts in this field, and I wish him well in his retirement.

TAX CUT BAD ECONOMICS

Mr. PERCY. Mr. President, I wish to call the attention of my colleagues to a speech on Tuesday, April 23, by Dr. Otto Eckstein, a distinguished economist and president of Data Resources, Inc., a leading economic forecasting service. Though Dr. Eckstein's remarks dealt with a number of important economic problems, I wish briefly to call attention to a particularly relevant conclusion. Notably, Dr. Eckstein does not believe that additional fiscal stimulus is necessary now. He would oppose a tax cut.

Dr. Eckstein believes that evidence for an early upturn in economic activity is considerable. On this basis, he would recommend against additional purchasing power stimulation from Federal budget deficits. He argues that:

> Given the considerable lags from fiscal action to economic impact and given the short duration of the business cycle phases, it is a mistake to gear budget policy to the short run economic situation.

Mr. President, several of our colleagues in both Houses have suggested, as a result of first quarter figures showing a downturn in real GNP, additional fiscal stimulus through a tax cut. Though their proposals at this stage are not very precise, they seem mainly to be in the nature of an increase in personal exemptions. No matter what form of such tax cuts might take, their fiscal impact would be delayed until mid-1975, at which point the fiscal stimulation might actually be harmful.

This conclusion is supported as well by the Washington Post in an editorial of April 23. In that editorial, the Post argues that:

> It is most important not to introduce any change that would make the inflation worse. In its social effects, the rising inflation is currently the greater menace than unemployment. For at least another month the best course is the present one.

Mr. President, I oppose any effort to reduce taxes now. Such a step might appear to be good politics, but it could well be disastrously bad economics.

Mr. President, I ask unanimous consent that the Washington Post editorial and Dr. Eckstein's speech to which I referred, be printed in the RECORD.

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

[From the Washington Post, Apr. 23, 1974]

THE RISING INFLATION

Everybody knew that the country was in the midst of a savage inflation and, simultaneously, a decline in economic production. The importance of the statistics over the past several days is the revelation that, the reality is a good deal worse than the expectation. What ought the President and his administration do about it?

The practice of American politics is based on the premise that the government has a duty to respond, immediately and visibly, to every instance of severe public distress. The activist impulse urges an attack of some sort, on the assumption that doing anything is better than doing nothing in a time of public anxiety. But this case is the exception, and for the time being it is clearly wiser and better for the administration not to try to change policy. It is not a good time to start fiddling loudly with the valves and throttles on the great and intricate machine that is the national economy.

As the figures show, the quarterly drop in the Gross National Product is the most severe in the 14 years since the Eisenhower administration's last and worst recession. The last time the quarterly inflation reached the present level was in the Truman administration, early in the Korean war. In each case the trouble, although serious, was comprehensible and there was an obvious remedy for it. When the Korean war sent prices up, the proper response was price controls and tighter credit. Prices returned to relative stability with remarkable speed. As for the 1958 drop in GNP, it was painful and damaging but it followed the normal postwar pattern of recessions and responded fairly well to the normal strategies of economic stimulation. The trouble now is that we are not dealing simply with 1951's inflation or 1958's recession, but with both of them together and the cure for each aggravates the other.

A great deal of attention is now being squandered on the doctrinal debate as to whether we are in a recession. Since President Nixon guaranteed the country several months ago that there would be no recession, the topic naturally draws a certain amount of polemic interest. But the debate over the term only obscures a clear view of our present condition. Calling it a recession suggests that we are merely dealing with another swing in the familiar business cycle, to be remedied by the familiar antidotes like, for example, cutting taxes.

On cue, Sens. Edward M. Kennedy, Walter F. Mondale and Hubert Humphrey now propose a huge $5.9 billion tax cut. There is a long list of good reasons why this conventional response is the wrong one. As the administration observes, the effect of a tax cut would only begin to appear many months from now around the beginning of next year.

Another reason—one that the administration does not make—is that the prospective impeachment of President Nixon makes it utterly unlikely that Congress will have the time or attention for the intricate, carefully crafted legislation that taxation requires. It is also necessary to point out that there have been two heavy cuts in income taxes since Mr. Nixon took office, and they are part of the reason for our present trouble with inflation. The federal government has large and growing social responsibilities to the American people and it cannot meet those responsibilities if it keeps cutting taxes.

Tax cut proposals on these customary lines assume that production is down because consumers have no money with which to buy. They assume that there is widespread unused capacity in American industry. But that is hardly a recognizable description of the present case. The main reasons for the precipitous fall in GNP last winter were confined, to an extraordinary degree, to two industries: automobiles and housing. Automobile sales

were down, obviously, because of the oil crisis. Housing declined because of unprecedentedly high interest rates. They are still climbing, by the way, and a number of big banks have now posted their prime rates over 10 per cent, a hair-raising figure.

At this point it is worth considering the administration's analysis of the dilemma. The inflation has overtaken the rise in income, and that is why consumers are not buying as much as they did a year ago. They are spending more of their money, as the decline in savings shows, but the money buys less in volume. That, the administration now believes, is the most serious of the threats to the prospect of getting the GNP moving upward again. It follows that the proper response is cutting the inflation rate rather than resorting to standard anti-recession remedies that will make inflation worse.

Regarding inflation, the administration continues to hope that the worst will be over by summer. The theory is that we are now absorbing the worst effects of last year's spectacular runup of world commodity prices—most notoriously oil and foodstuffs, but also a wide variety of metals and fibers. Oil prices now seem likely to come down a bit, and food prices are already declining in anticipation of a very good crop. By summer, the theory continues, the American inflation rate will fall back to what the economists are now calling the "underlying" rate. That means about 6 per cent a year, compared with the present 11 per cent. If this drop occurs, interest rates will also come down and the administration will have much wider latitude in dealing with an unemployment rate which, by then, will probably be moving up.

For the present, it is most important not to introduce any change that would make the inflation worse. In its social effects, the rising inflation is currently the greater menace than unemployment. For at least another month, the best course is the present one. Although it goes against the grain to say so, the most sensible thing to do right now is nothing.

THE NEAR-TERM ECONOMY IN A LONGER PERSPECTIVE

(By Otto Eckstein)

This speech was presented to the Sixteenth Annual Forecasting Conference of the New York Chapter of the American Statistical Association in New York on April 18, 1974.

The 1974 economic outlook is so beclouded by the uncertainties created by commodity inflation, oil-induced international monetary disturbances, political instability, and the Federal Reserve, that it may be better for the forecaster to repair to a longer-term perspective. Most serious business decisions, other than stock market or commodity trading, will be validated only by the longer term forces in any event. So I shall assert a few long-term propositions I believe to be valid on the strength of the current evidence and on the basis of our longer-range studies, and draw some implications for policy.

THE SHORT-TERM OUTLOOK

Lest you take this approach as a cop-out of my assigned task, let me quickly enter the short-term Data Resources forecast on the public record. We continue to project about a 1% rate of real growth for 1974, with a modest real rate of increase after the first quarter and a beginning of above-trend growth at year-end. Whether this experience will be called a recession is a political matter on which I take no position.

The evidence for an early upturn is considerable: housing starts began to recover in January and should total 1.70 million units for the year; the year-over-year gains of retail sales began to widen in March; automobile sales, while low, stabilized in the opening six weeks of the year, and with the outlook for summer gasoline supplies at least as good as in 1973, some further mild recovery of unit auto sales is likely. Unit sales for the year should be 9.7 million units. Business fixed investment still looks headed for a 5% real gain, despite supply limitations of critical inputs to capital goods producers, and despite some reductions in capital outlays that have a short planning and production profile. The inventory condition shows some imbalances both on the high and low side, but they are very small by historical standards. Inventories are not likely to be the source of major instability. Federal fiscal policy provides neither a strong stimulus nor substantial restraint. A projected national income account federal deficit of $11 billion is not unreasonable during an economic setback, and the imbalance in the full employment budget will be smaller than its measurement error and conceptual ambiguities.

The near-term real movements of the economy are not particularly uncertain, and if you will review the forecasting record of organizations such as ours in recent years, you will find that the basic movements of the real GNP and its major components have not contained large surprises. But there are major uncertainties in other dimensions of the forecast. We are in the midst of the worst inflation since World War I: the total increase of the consumer and wholesale price indexes in the period 1968–1974 will be greater than in the immediate post-war years or in the Korean War inflation, though still less than in the World War I and Civil War years. How this inflation will unravel as we finish dismantling wage and price controls is impossible to foresee precisely, although it can be anaylzed in a longer range perspective.

The nature of the business cycle upswing is very much in doubt. Our forecasts this year project a good final quarter: business investment and housing should increase steadily and should be reinforced by higher automobile sales as more small cars are produced. But the Federal Reserve has now cast a large cloud over this prospect. If the Federal Reserve maintains the Treasury bill rate at 8% or higher, an inevitable concomitant of money growth as low as 5 or 6%, then disintermediation is inevitable, and the already mediocre supply of mortgage funds will dry up. With consumer gloom amply justified by rising unemployment, a stock market mired by high interest rates and security industry problems, and the presidential crisis, a second setback to housing would be sufficient to adopt the economic recovery.

SOME LONG-TERM PROPOSITIONS

1. The Investment/GNP ratio will be high for a long time.

Investments in energy and in the expansion of basic manufacturing capacity are pushing the investment share in the nation's output beyond the normal historical range. Business fixed investment has become less and less sensitive to the business cycle because of the size and technological complexity of the projects and the strength of the underlying demand for capacity. The next five years will see a major catchup element in investment to compensate for the inadequate outlays of the 1960's, when the dollar was overvalued and manufacturing suffered from depressed rates of return.

An investment ratio near 12%, compared to a historical average of 10½%, provides an underlying strength to the entire economy. There is little need to fear that the economy has any tendency to stagnation in the current historical setting. If the economy can be kept free from crises created by policies, financial conditions or events abroad, its progress will be strong and its ability to create jobs sufficient to absorb the growing labor force.

2. The financing needs for this large volume of investment will require large personal and business savings.

The American economy has shown a long historical tendency toward a constant saving rate. This savings share was sufficient to finance investment. But in the coming years, the saving rate has to move up a modest percentage if the investment needs are to be met.

Fortunately, personal saving is likely to be on the high side. The age structure of the population, smaller family size and changing attitudes toward large homes and cars will keep personal saving above normal. These personal savings will flow into the thrift institution, into rapidly rising pension fund reserves, and into other saving media.

Business saving is also likely to be quite high, although its share in Gross National Product may do no better than to remain constant. With the utilization rate of industrial capacity high and labor supply relatively ample, and, with the tax structure providing various investment incentives, total cash flow will grow near the GNP rate.

3. Budget deficits should be kept small.

There are times when private demand is weak and the purchasing power stimulus of budget deficits is needed to achieve high employment. However, in the inherently strong economy of the mid-1970's, there is no such need beyond the automatic stabilizing properties of the budget in recession. There is no present tendency to excess saving in relation to the large investment needs. Should the government be a net dissaver through budget deficits, it will only impose strains on the use of the economy's resources and help produce inflation.

Budget policy in the United States still tends to be made in the short-run content. Given the considerable lags from fiscal action to economic impact, and given the short duration of the business cycle phases, it is a mistake to gear budget policy to the short-run economic situation. There are human needs created in recession and there are social needs that become more explicit during a period of slack. These should not be ignored by a government with a social conscience. But meetings these needs should not be allowed to produce otherwise unjustified budget deficits.

We also appear to be embarking on a massive increase in military spending, in part justified by economic conditions. This is about the poorest approach to economic policy that one can envisage. To suppose that the American economy needs the stimulus of military spending is a libel on the capitalist system.

In recent months, personal tax reduction has also been suggested to meet the short-run situation. If enacted in the second quarter of this year, it would have its major impact in the middle of 1975. Also, the tax multiplier is peculiarly low at this juncture because the consumer items with high income elasticities, such as automobiles, are not likely to show their normal response to a tax reduction.

4. The current inflation is a historical episode rather than a permanent change in the nature of the economic structure.

There are at least three competing theories that have been advanced to explain the worldwide inflation. First, the inflation can be attributed to a collection of one-time misfortunes: the coincidence of the worldwide business cycle; the setback to the world food supply and the disappearance of the stabilizing U.S. agricultural stocks; the worldwide shortage of industrial raw and processed materials because of inadequate capacity expansion of the 1960's; the new bargaining power of the oil producers after the disappearance of the American surplus capacity; and the distortions created by wage and price controls imposed without a fully developed, war-time control machinery. Given this collection of disasters, it is not

surprising that the inflation was finally exaceprated by speculative hoardings and wild price movements in the poorly regulated commodity exchanges.

A second theory attributes the inflation to excessive monetary expansion and perhaps excessively easy fiscal policies around the world. If governments provided too much money and too much stimulus to purchasing power, sooner or later this would express itself in a price explosion. The retention of fixed exchange rates beyond their proper day created such vast international money flows that other advanced countries found it impossible to control their money supplies. In the United States, monetary policy has suffered from the learning process of switching from the management of interest rates to the management of the money supply, and from an excessive recognition lag in assessing actual conditions. Federal Reserve policy remained easy much too long, and tightened only after the contractionary phase of the cycle had begun.

Finally, the inflation has been attributed to fundamental changes in economic structure: the growth of unions, the increasing concentration of industry, overzealous dedication to full employment policies producing expectations in which prices can only go up and unemployment would always be kept small.

While there are some elements of truth in each of these theories, the evidence seems to point mainly in support of the first and second, that the current inflation is an unfortunate historical episode rather than a fundamental change in economic structure. Certainly, given the wage record of the last few years, it would be hard to argue that increasing unionization is accelerating the rate of wage increases; indeed union members might well argue to the contrary. On the business side, the energy and commodity shortages are temporarily strengthening the market power of industrial companies, but this is a very recent development and one that will disappear as the shortages are relieved.

It is more difficult to divide the blame between acts of nature as opposed to lack of foresight and an inadequacy of our political system's ability to devise suitable policies. I do believe that there is an element of historical accident in the weakness of government in most of the major advanced countries. But one has to acknowledge that there are some deeper, more permanent problems in the inability of the political system to attract first-class people into political and public service careers, and in our inability to mobilize the political process toward more successful economic policies.

The computers fail us in weighing these matters. But what quantitative and historical analysis can be applied does seem to attach the preponderant weight to the episode theory of this inflation. When it is all over, the U.S. inflation rate is much more likely to settle into the 3½ to 5% range than to be much above it or to remain in the double-digit condition.

DEMAND MANAGEMENT FOR THIS BUSINESS CYCLE

The extraordinary inflation confronts policy with an apparently impossible choice: whether to resist inflation or to play the traditional role of counteracting recession. It would be pleasant to be able to suspend macro-policy as we are doing with controls. But demand management does not offer this option. The open market desk must be instructed; government spending must be decided.

The Federal Reserve has led us all a merry chase. The high hopes of January 1970, that a policy of managing aggregates would reduce the instability of the financial sector, have been dashed on the rocks of inflation and the ambitions of the Federal Reserve to do fine-tuning.

What should the managers of economic policy do at this critical juncture? In order to explore the possibilities, we have run a series of exercises with the DRI model, assuming alternative open market policies designed to achieve different rates of increase of the money supply. The base solution, the current DRI forecast, shows a rate of increase of 6.9% for the narrow money supply from the first quarter of this year to the first quarter of next year. Treasury bill rates drift lower, dropping to about 6½% by year-end. The money market developments already behind us in the last four weeks have lowered our housing stock forecasts by 50,000 units. If short-term interest rates are brought down after only a month or two of disintermediation, the housing recovery could still move forward 1.9 million by the first half of next year. Next year's real growth would be near 4%, sufficient to hold unemployment stable, and perhaps even drop it a few tenths below 6%. Next year's profit gain would be a modest one after the extraordinary results of this year and last.

But suppose that the Federal Reserve throws the employment objective overboard and is rigidly determined to keep the rate of increase of the money supply to 5% in the next twelve months to stop the inflation dead in its tracks. Under this assumption the Treasury bill rate stays over 8% for the rest of this year, bond yields remain over 9%, and housing starts fade away again in a few months to levels of about 1.4 million. Unemployment would rise to 6.2% by year-end.

But the real damage of this policy comes in 1975. Housing cannot recover in a condition of disintermediation despite ingenuity that might be shown by housing agencies. Housing-related items of consumption, such as home furnishings and appliances, would suffer a poor market in 1975. The momentum of the economy as a whole would be weak. Unemployment is 6½%, a full point over the forecast. By the second half of 1975, the political process would surely have lost patience with the Federal Reserve. The solution assumes 8% money supply growth thereafter.

What would this draconian policy accomplish in terms of ending the inflation? The whole body of economic literature, whether traditional or monetarist, shows that the wage-price mechanism works slowly. Our model solution does explicitly allow for a much quicker response of sensitive raw industrial and agricultural prices in response to the tighter monetary policy. But even after allowing for this factor, the rate of inflation does not begin to be affected significantly until early in 1975. By the end of 1976, the end of the solution period, the price level of 0.6% lower under the tougher price.

But suppose that policy were to err on the other side? In an alternative model solution we raised the rate of increase of the money supply by 8.5% and supplemented this stimulus with a personal tax reduction of about $10 billion. The results are not particularly desirable either. The economy recovers more quickly with a real rate of growth in 1975 of 4.3%, and unemployment driven down to 5.5%. But the excessive stimulus in the near-term creates another small business cycle. Consumers are induced once again to overextend their credit; the stock of consumer durables, which is already too great, is boosted some more; housing is stimulated until an even greater glut of homes is produced. Thus, the stimulative policy produces a rate of real growth in 1976 of only 3.2%, with unemployment rising to levels above the forecast by the second half of 1976. The price level would be 2.4% higher by late 1976, and both long and short-term interest rates would exceed the forecast levels.

Studies such as this can be no more than suggestive at this time. But the conclusions in support of a middle-of-the-road policy—a policy without deliberate fiscal stimulus and with the money supply allowed to increase sufficiently to accommodate at least a portion of the inflation—is also supported by a fundamental proposition of control theory. That proposition states, if paraphrased imprecisely, that the optimal degree of ambition of stabilizing policy depends upon the degree of uncertainty about the economy and on the time lags of policy. Our knowledge is certainly incomplete, and the time lags are approximately a year from decision to full effect. Under these circumstances we can only hope that the Federal Reserve will have the good judgment to confine its ambitions to its state of knowledge, and to steer a middle-of-the-road path, attaching some weight to both the employment and the inflation objectives, and limiting the swings of its actions to relatively modest variations in the monetary aggregates and of interest rates.

If the Federal Reserve does not follow this advice, all bets are off on our forecast.

THE WHITE HOUSE AND THE MEDIA

Mr. HUMPHREY. Mr. President, recently the noted and respected columnist, Marquis Childs, delivered a speech at the Frank R. Kent Symposium at Johns Hopkins University. The speech was entitled "The White House and the Media."

I commend this speech to the attention of all Americans and particularly those of us that are deeply concerned about secrecy in Government and the necessity for an open government.

Mr. Childs not only points out some of the problems that exist between the press and the Presidency, but he offers some constructive proposals; for example, he proposes that a candidate for President should be called on to say that, if elected, he will hold a certain number of press conferences. He suggests that it might be something like 25 in a given year. He further goes on to propose that the pledge could cover a variety of conferences, including full-scale televised press conferences and informal conferences in the President's office. He also feels that the press conferences should be extended to at least an hour.

These proposals are constructive, and I would hope that both political parties would include in their platform some practical suggestions and proposals relating to the contacts between the President and the media. The time has come when we must be keenly aware of the power of the Presidency and the necessity for the public to know what is going on in all of these key governmental offices—the Presidency, the committees of the Congress, and the two Houses of the Congress. Open government is not a threat to freedom; in fact, secrecy in Government is one of our great dangers today and that cloak of secrecy must be removed.

I ask unanimous consent that excerpts from Mr. Childs' address be printed in the RECORD.

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

THE WHITE HOUSE AND THE MEDIA

(By Marquis Childs)

For the future of representative government let me say at the outset that no relationship is more important than that between the White House and the media. This is true both as symbol, example, and in the actual education of the public in the processes of government and the issues of the day.

The revolution that has occurred since 1945 has been so sweeping, so pervasive in its thrust, as to seem to destroy all past restraints. The great upward sweep of America's capacity to build and produce that went along with far flung military might gave the United States a power undreamed of in the isolationist era that ended in 1941. Regardless of the party or the President in office, that power has been progressively concentrated in the chief executive. And increasingly that power has been exercised in secrecy if not in actual concealment. Seldom if ever have so many been told so little about matters directly affecting not only their daily lives but their longer future in a world in which the nuclear arms race goes on only slightly abated.

The revolution in communications has been equally far reaching. Television, the satellite bringing an instant view of far distant events, was likewise pervasive in its consequences.

When President Truman first admitted the red-eyed cameras into the Indian Treaty Room in the old State Department building he began the transformation. The tapes were to be reviewed before release and that was fortunate since in this dangerous experiment a new man on the job made so many booboos. Truman's successor, Dwight Eisenhower, wrestled not only with his syntax but with the hazards of live television. His facial expressions when harassed by a bristly question from Sarah McClendon were wondrous to behold.

The quantum jump came with President John F. Kennedy. He was a master performer. The Kennedy performances in the auditorium of the new State Department building were enlivened by wit, irony, clever riposte to questions considered impertinent, and now and then by serious and even solemn declarations of policy. With apparent impartiality he signaled to one reporter after another around the auditorium. Here was television, whether as news or as "show," or an amalgam of both, at its best.

Kennedy's immediate successor, Lyndon Baines Johnson, was intimidated by the Kennedy example. He tried several full dress conferences that came off with nothing like the verve and vitality of his predecessor. For the most part after his early ventures he limited his encounters with the media to the mini conference called on short notice and confined largely to the White House regulars. He had a total of 125 press conferences with 23 in 1967 and 19 in 1968.

President Nixon in his far fewer conferences has followed much the same pattern. He held seven press conference in 1972, seven in 1973. The total to date for his five years in the presidency is 35.

Indulging in nostalgia for those twice a week press conferences of Franklin Roosevelt when 50 or 60 reporters gathered around the President's desk is a futile exercise. America's vastly increased power and its centralization in the president is evident in the number of representatives both from abroad and at home eligible to attend press conferences.

The full-scale Nixon press conference is a television spectacular. The White House regulars have assigned seats in the front rows. Their chances of recognition are far better than for the several hundred correspondents in the rear rows. Their are familiar names and faces and the President often calls them by name. These men and women spend most of their working hours in and around the White House or traveling with the President. Their access not only to the chief executive but to his visitors has been severely limited under the Nixon administration.

The White House beat involves a large component of boredom. The power of reward and punishment rests with the chief executive. Before the energy crisis a reporter could take his wife and children on the press charter for a flat $100 round trip. That often meant a family vacation at Laguna Beach where the press is quartered with only occasional interruptions for working reporters to go the 14 miles to San Clemente to produce a Western White House dateline. As for punishment, it seems to have meant little to individuals. While White House resentment of Dan Rather was widely advertised, if anything it enhanced his reputation.

But at a higher level the White House was convinced that the tactics of intimidation had succeeded. The ineffable Charles Colson reported with glee how network executives had positively cringed before White House demands. A particular issue was the so-called instant analysis after presidential speeches. This was part of the administration's insistence on the message undiluted to the million on television. The analysis were in fact not so much commentaries involving opinion of the commentators as they were a summing up of the points that were made and those that might have been relevant which the President did not touch on. As such they seemed to me a legitimate and useful function of a free press. Yet one executive, William Paley of CBS, issued a cease and desist order barring such analysis. This was later revoked.

The question I raise is this: Do the media have a right to interrogate the chief executive? Is the confrontation an inherent right or is it the privilege of the man who occupies the office to use it to his own ends, to diminish it or perhaps to let it fall entirely into disuse. In my opinion it is a fundamental right. Under the American system if divided powers there is no question period during which the executive can be called on for an accounting. Limited as it is the press conference is the only medium of exchange between the public and the President whose powers have been so greatly enhanced. This becomes all the more important as the claims of executive privilege and national security have narrowed the response to the executive to Congress.

I would like to suggest ways in which the institution of the White House press conference can be less dependent on the wishes, the objectives, of the individual who happens to occupy the office. A candidate for President should be called on to say that if elected he will hold a certain number of press conferences, say 25 in any given year. To deal in generalities, promising to be free and open to the media, will not be enough since such promises are freely given and as freely ignored. The pledge I propose could cover a variety of conferences, the full scale televised conference and the informal conference in the President's office. Suggestions have been made for limiting the size of the televised conference with reporters in part of the alphabet at one conference and those at the other end at a following conference with reporters in part of the alphabet at one conference and those at the other end at a following conference. This would give wider opportunity for questioning. Consideration should be given to extending the time to at least an hour even though the networks carried live only a half hour. A presidential candidate who had pledged to hold a certain number of press conferences could be made to account if he fell short. There is no reason why the platforms of the major parties should not contain a similar pledge. Accessibility and openness at the top would surely set the pattern for the entire administration.

Can there be any doubt at this point of the terrible cost of secrecy and concealment as the avenues of information and access have contracted? When President Kennedy ordered the first 10,000 armed American ground troops into South Vietnam the public was never made aware of what the commitment meant. For failure to explore this beginning of the Vietnam involvement the media bears a sizable share of the responsibility. Then came the buildup under Lyndon Johnson to more than half a million ground troops. That buildup was carried out with every effort to lull the public into believing that with another hundred thousand troops victory would be at hand. Reporters such as David Halberstam who persisted in trying to tell the true story found every obstacle put in their way including pressure on editors and publishers. As the full measure of the American tragedy became known the country was torn apart. The President was compelled by the power of the peace forces to surrender the office.

The example of President Nixon is so new as to need little documentation. From the secret bombing of Cambodia to Watergate and all its dire consequences secrecy has exacted a heavy price. Much has been made by critics of the media of the barbed—the loaded some would say—questions put to the President in that press conference on Aug. 22 on the lawn of San Clemente. Here said the critics, the Nixon loyalists was proof that the press was out to get the President. These were the adversaries, the enemies, bearing down on a man they were determined to destroy. But in so far as the questions reflected hostility I believe this came in no small part from a long pent-up frustration. So much had been withheld, so much denied that was later shown to be true. The pertinent, the relevant questions had so long been deferred. The relationship between President and press had been poisoned during many months of frustration and hostility.

A President has many avenues to the public as Nixon has shown through his repeated resort to network television. He may bitterly resent the hair shirt of the working press as did, to take an earlier example, Herbert Hoover. But unless the right of the media to interrogate the chief executive at frequent intervals is recognized as a right and not a privilege conferred by an imperial presidency, the capacity of the American people for self-government, for comprehension and understanding of the world we live in, will continue steadily to deteriorate.

MEETING TODAY'S EDUCATION CHALLENGES

Mr. CRANSTON. Mr. President, educators today face a continuing challenge to present their students with interesting and stimulating learning experiences. The Creative Environment Center, an agency of the San Francisco Unified School District, is an example of educators who are meeting this challenge.

The Creative Environment Center strives to meet these challenges in two ways. First, the center taps many diverse sources in the formation of curricula programs. It emphasizes a joint effort by students, teachers, and the community at large in weaving together the strands of an interdisciplinary, multicultural curricula. Second, the center provides teachers with the expertise to change their existing classroom environment: Each teacher is free to utilize the multi-

media programs in a way which best meets the needs of their students.

I ask unanimous consent that an article from the San Francisco Examiner be printed in the RECORD at the conclusion of my remarks. As the article observes, going to school need not be dull and tedious. It can, with the help of individuals such as the staff at the Creative Environment Center, be a continuing and challenging learning experience.

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

DORIS IN A ROUND WORLD

(By Caroline Drewes)

Even President Nixon is on her list. Auburn-haired Doris Wecseo is a compulsive writer of letters.

On the strength of one of them, syndicated Examiner columnist Sydney J. Harris flew out from Chicago to observe what goes on in the barn-like third floor of the old brick building on Harrison Street.

Thanks to another of Miss Wecsen's letters, we arrived hard on the heels of Mr. Harris to find out for ourselves, and ran into a group of mothers from Commodore Sloat School who had an appointment for six months.

What does go on? It involves rekindling personal creativity, it involves the teaching-learning process, it involves teachers and students, and it is a little hard to explain.

The subject of ebullient Miss Wecsen's enthusiasm is the Creative Environment Center, the San Francisco Unified School District's year-old multimedia center which, to go back to her letter, "combines multiple-screen sight-and-sound slide programs, with ethnic gardens and multi-media school-community resource projects."

"At last," she had written us, "there is a center that works with students and teachers to see the relationship and interdependence of all subjects; that in teaching art a teacher must also include social studies, language arts, science, and math. Knowledge and learning come round full circle. The world is no longer flat."

James Koelker, former resource teacher Programs for the Gifted, is codirector with Doris, former dean of girls at James Denman Junior High School. The Center is the two directors' mutual brain child operating under the blessing of Dr. Raymond J. Pitts, assistant superintendent, Instructional Development and Services.

"We are a service," the directors told the Commodore Sloat mothers before showing them one of the demonstration programs—"Ecology of a City."

"We work with students and teachers and community resources, operating on a shoestring budget—$3,000 outside our salaries."

What once was an abandoned school warehouse has been converted into pleasant working quarters with space for office, technical equipment, a curtained-off demonstration room and two sheltered outdoor roof areas for botanical displays.

The Shakespeare garden, a project of Alamo fifth graders, involved the children in language, arts, botany, literature, geometry, and weather. It was set up to serve as an inspiration to other children, other teachers. It is one of a number of projected gardens.

Students interested in a special area of study, as well as teachers, then are invited to create a project on the premises. The multiple screen slide programs, complete with sound narration and music, like "Ecology of a City," can be developed with the technical cooperation of the two directors.

The Center is coordinating a community resources project with Walter J. Thompson and Galileo High School students who will work on actual advertising accounts.

"Every project starts with an investigation," the co-directors said in the course of the long morning. "It is like an archeological dig . . . Things learned in the classroom must be applicable to the world outside because that is where the kids will live . . . The classroom four wallbox bit has got to go. When students become part of the curriculum it's an exciting war to learn and an exciting way to teach . . . it is learning by process versus learning by product.

"We've beaten creativity out of our kids, we must put it back and there is no time. We must do it now . . . This is the doing of the learning, getting kids to create curriculum plus the fact that students learn to communicate with people out in the city.

"The difference we are trying to make is in no longer using youngsters as receptacles. They are no longer passive beings to be fed, but active agents in the teaching-learning process."

Jim and Doris said they had hoped by now to be in 16 schools with their equipment, they are in two—West Portal and Benjamin Franklin—and are seeking foundation aid for three more. The letter that Doris wrote, the letter that had spurred our visit, had begun, "The Creative Environment Center is expanding educational horizons for your children. Now we are asking the San Francisco business community, the public media, local foundations and everyone interested in educational expansion to get into the act. We need community support. Not just intellectual but financial."

THIRD ANNUAL U.S. MODEL SENATE, STETSON UNIVERSITY, DE LAND, FLA.

Mr. CHILES. Mr. President, I will have the opportunity this weekend to participate once again in what I consider to be a unique educational experience. Stetson University, in De Land, Fla., will sponsor its third annual U.S. Model Senate, a program which seeks to duplicate as closely as possible the activities and atmosphere of the U.S. Senate.

Sixty students, representing 20 colleges and universities across the Southeast, will each assume a senatorial characterization and participate in 4 days of committee hearings, party caucuses, and Senate floor sessions.

The students have already been actively researching and rewriting some of the major proposals we, in the Congress, are now considering.

Mr. President, this particular form of simulation is an important learning tool for our Nation's future lawmakers. The interchange of ideas which has occurred in past sessions and which is certain to occur again this weekend is stimulating and productive for both students and congressional representatives.

I believe one of the most remarkable features of this program is that it was initiated and is carried out by the students themselves. These young people have planned the program, invited the congressional representatives and handled the local arrangements. It is a bipartisan effort, as evidenced by representatives from both sides of the aisle. Congressman BILL CHAPPELL from the Fourth District, has long played a leading role in assisting this program.

Joining in the Model Senate program this year are Senator ERNEST HOLLINGS, Dr. Floyd Riddick, Senate Parliamentarian, and Florida State Senator Richard Pettigrew. They are helping to provide our young people with a deeper knowledge and understanding of our governmental process.

President John E. Johns is to be commended for providing an educational atmosphere at Stetson which encourages this kind of learning experience. Dr. T. Wayne Bailey and Dr. Gary Maris have inspired the students to continue the program; however, the implementation of this program has rested with the students. I should like to commend the student chairman, Mr. Jeff Hurley, of Daytona Beach, Fla., for his effective leadership. Other Stetson students vitally involved in the program are Diane Bird, Miami, Fla.; Richard George, Jacksonville, Fla.; Nancy Kingstad, Miami, Fla.; Ray McCleod, Apopka, Fla.; Bob Schumaker, Fort Pierce, Fla.; Bruce Thomas, Daytona Beach, Fla.; Pam Waxler, Stuart, Fla.; and Matt Wimer, De Land, Fla.

A WISE MOVE

Mr. CRANSTON. Mr. President, Americans—and especially Californians—are movers. Between 1965 and 1970, 7,159,116 Californians moved at least once from one dwelling to another within the State. Another 1,783,534 people moved to California from other States during the same period of time. Still another 1,413,542 people moved out of California in the same years.

For many of these people moving was an unpleasant experience because they had problems with the companies they selected to move their household goods.

Some people were burdened with prices far in excess of the ones estimated prior to the move. Others were frustrated by tardy pickup and delivery of their household belongings. Many people found their furniture damaged on arrival at its destination and experienced long waiting periods for compensation—if they were lucky enough to get compensation at all.

I think it is time that the movers themselves move. Not to new houses, but to improve services to their customers.

To encourage that kind of move, I am today joining my colleague from Minnesota (Mr. MONDALE) in the cosponsorship of S. 3334, a bill to improve the service in shipment of household goods.

Under this legislation, the 20 largest interstate carriers—which do 80 percent of the moving business in the United States—will be required to provide both to the Interstate Commerce Commission and to their customers records of their performances. Among the items which will be made public are:

(1) The total number of shipments the company has made.

(2) The number of shipments picked up late—and the percentage of the total number of pickups that the late pickups comprised.

(3) The number of shipments that were delivered on time and their percentage to the total number of pickups.

(4) The number of shipments that were both picked up and delivered late and a percentage comparison to the total shipments.

(5) The number of shipments in which the underestimation of cost exceeded ten percent and the percentage of that number to total shipments.

(6) The number of shipments in which the

price was overestimated by more than ten percent and a comparison to the total by percentage.

(7) The number of shipments in which damages were claimed and the percentage comparison to the total shipments involved.

(8) The number of claims settled and the average percentage of the full claim amount.

(9) The number and percentage of claims settled before judicial proceedings and before completion of judicial proceedings.

(10) The dollar value of claims filed as a percentage of gross revenue and the dollar value of claims paid as a percentage of gross revenue.

(11) The amount of time between submission of a claim and the settlement.

(12) Other information which the Interstate Commerce Commission determines will help to carry out the purpose of the bill.

Under this legislation carriers will be required to submit these statistics on a quarterly basis. Carriers with authority to transport in all of the 48 contiguous States will be required to supply their customers with up-to-date information on their records and those of their competitors. Other carriers will be required to provide this information for their own companies only.

The educated consumer gets a good value for his dollar. I believe that this bill will serve as a great incentive to moving companies to improve the quality of their service through the publication of their service records. Those companies that do not will lose business because consumers will have the opportunity to select a company that has a better record. I have high hopes that this legislation will give the consumer a chance to make a wise move.

AMERICA'S FUTURE IN SPACE

Mr. MOSS. Mr. President, in this time of soaring prices, the citizens of the United States, and we, their representatives, are naturally concerned about the problem of inflation. One proposed solution is to trim the Federal Government's budget. Some people have gone one step further and have suggested decreasing the space program's budget. "Let the space program sit on its laurels and enjoy the fruits of its past efforts," they say. This is the problem to which I address myself today.

It is true that today we are cashing in on the dividends of yesterday's space exploration investments. Benefits from weather and communications satellites are now commonplace to the American public; and data from the ERTS satellite is aiding the discovery of oil and mineral deposits. Some of the discoveries, in the Western States and Alaska, will more than repay the costs of the ERTS program. As Dr. Petrone, an Associate Administrator of NASA, appropriately states:

> The challenges of the 1950's and 1960's have been converted into the opportunities of the 70's and 80's.

But the harvest that we presently reap from space exploration is there because of earlier sowing efforts. Dr. Petrone maintains that:

> Throughout the march of civilization, man's laboratories have been on the ground. Some were simple garage or attic-type workshops; others were large halls crammed with elaborate equipment. They shared the purpose of providing the means for applying new thoughts and techniques so that men could learn to do new things or to do known things more simply. Out of this myriad of laboratories of man's inventiveness have come thousands of products—from light bulbs and telephones to antibiotics and electron microscopes—to improve man's lot on Earth. These advances, of course, did not come overnight, but followed years of painstaking research and experimentation Likewise, we should not expect the full potentiality of laboratories in space to be realized overnight.

Soon, we will discuss and decide on our space program's budget for the coming year. I would hope that we will want to enjoy the benefits of yesteryear's exploration, and at the same time insure that, in the years ahead, we will be able to benefit from today's work. Once again, Dr. Petrone throws light on the subject:

> Our investment in space is already paying dividends. Benefits will increase in the future. While exploiting space, we must continue to explore. With our feet planted firmly on the ground, we must continue to be visionaries. With this approach, America's future in space will be assured.
>
> It has to be.

Mr. President, Dr. Petrone's above-quoted passages appear in his article in "Space Log," a TRW Systems review of 1973 space activities. Because of the entire article's relevance to the Senate's consideration of NASA programs, 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:

AMERICA'S FUTURE IN SPACE

(By Dr. Rocco A. Petrone)

Since man first gazed at the stars, Sun, and Moon, he has dreamed of traveling in space, so he would better understand these objects of curiosity and his relationship to the universe about him. When man began to explore the world, civilization started on a journey that has today brought us to the start of a new era in his development—the era of sailing on the boundless oceans of space. The challenges of the 1950's and 1960's have been converted into the opportunities of the 70's and 80's.

The early years of the space age, marked primarily by exploration, are giving way to an era of exploitation. Springing from the discoveries of the space program, new knowledge, new technology and new tools are being used to make life on Earth fuller and richer. This exploitation of space has followed on the heels of discovery at a rapid rate. One has, for example, but to consider that, today, communications and meteorological satellites are commonplace, their contributions accepted in a matter-of-fact way by the public. Within but a few years after the launching of the first small satellites, a revolution in communication was produced by relay satellites that create an electronic bridge across the oceans and permit people to have an instantaneous awareness and contact throughout the globe.

And meteorology, although a science still in its infancy, has taken great strides with the advent of the weather satellites. This better understanding of the forces that shape our weather will provide a bonanza for humanity. This new understanding stems from data virtually current and gathered by the satellite on a world-wide basis free from the constraints caused by political boundaries. Similarly, the observation of Earth's natural resources from space has great potential for assisting in a better management of vital resources that are diminishing in face of the needs of an increasing population.

During this early period of highly significant accomplishment in unmanned spacecraft activity, there emerged the successful Mercury and Gemini programs, valuable preludes to the epoch-making Apollo. The Apollo Program, culminating in six visits to the lunar surface, fulfilled man's yearning over the centuries to visit and explore Earth's most prominent and provocative space neighbor—the Moon. This magnificent endeavor, with its predecessor undertakings, also paved the technical road to Skylab.

The Skylab Program encompassed both exploration and exploitation of space and was, indeed, the nation's first manned laboratory in space.

Throughout the march of civilization, man's laboratories have been on the ground. Some were simple garage or attic-type workshops; others were large halls crammed with elaborate equipment. They shared the purpose of providing the means for applying new thoughts and techniques so that men could learn to do new things or to do known things more simply. Out of this myraid of laboratories of man's inventiveness have come thousands of products—from light bulbs and telephones to antibiotics and electron microscopes—to improve man's lot on Earth. These advances, of course, did not come overnight, but followed years of painstaking research and experimentation. Likewise, we should not expect the full potential of laboratories in space to be realized overnight.

MAN'S ROLE IN SPACE

Investigations in space laboratories can well be expected to lead us to concepts and inventions and products as unimaginable to us at this time as our 20th Century innovations would have been to early laboratory experimenters.

Skylab was a unique laboratory. It provided two conditions never attainable in earth laboratories—weightlessness and location above the atmosphere—and it operated in a hard vacuum. These conditions in effect became the keystones of a new world. They are ingredients that make possible a whole new realm of scientific and technological pursuit.

In Skylab we were asking, "Can man perform useful work in space?" That question has been answered with an emphatic "Yes!" Now we are asking, "What shall we have him do next?" Obviously, we must provide a more permanent laboratory—or laboratories—in space, equipped with the tools and instruments scientists need for experimentation, and we must provide an economical transportation system between earth and the orbiting laboratory. NASA is developing such a space transportation system, based on a reusable Space Shuttle, which offers a new approach to space exploration.

The Shuttle provides a most versatile configuration to accommodate a wide variety of scientific payloads and experiments. Carried to orbit in a cargo bay, these payloads may be returned to earth for modification, repair, or re-supply. Moreover, the relatively benign launch environment of the Shuttle should ease considerably design parameters and, consequently, costs. Of these payloads, one of the most significant under development is Spacelab, a program pursued in partnership with our European friends. This imaginative, far-reaching exercise in international cooperation offers potential benefits significant not only technically but potically as well. As a module transported aboard Shuttle, Spacelab is a model of flexible capability offering a wide variety of mission choices to the international scientific community.

The impact of the Shuttle will not be limited to the near-Earth, since a reusable tug will be developed to boost spacecraft to a geosynchronous orbit and return them to the shuttle orbit. Likewise, the Shuttle will be used as a launching platform from which to pursue the further exploration of the solar system.

This new approach to space exploration will also eliminate the artificial distinction between manned and unmanned programs. Man will be included in the project when his unique talents can contribute to the mission. Both man and instruments in space are indispensable. In many instances there is no practical alternative to having man operate the instruments. In other cases instruments can be controlled and monitored just as well from the ground stations.

The future space program must not be viewed myopically by looking only to immediate returns and applications. Experience has shown that it is the pursuit of knowledge in the broadest context that has produced the greatest return. More often than not, the seemingly irrelevant knowledge acquired in an earlier day has found fruition in untold benefits in a later period. In fact, the pursuit of knowledge is probably the best and most lasting dividend of the space program.

As in other realms, man's curiosity about the universe reaps many dividends, often with unexpected and lasting benefits. Modern man usually does not appreciate how many common attributes of our society were derived in this manner. History is replete with examples.

Attempts by the ancient Babylonians to measure and describe the world about them led to the development of mathematics. Numeric, algebraic, and geometric methods have been traced to the Hammurabi dynasty, about 1900 B.C. During the 4th and 5th centuries, B.C., the rapid development of Babylonian astronomy became the main carrier of the early Babylonian mathematical methods throughout the world. Their work is most obvious in the division of hours and degrees into 60 minutes, but it also underlies all of our modern mathematics that is the language of the physical world.

UNLOCKING THE SUN'S SECRETS

There are still many unsolved mysteries about our sun. Data obtained through Skylab's solar instruments is telling us more than we ever knew about the structure of the Sun and plasma physics. One of the big puzzles in solar astronomy is how the Sun handles the conversion of huge amounts of energy from the surface, where temperatures range from 4800 to 6500 degrees, to the corona, where they measure in the millions.

Early results from Skylab showed that certain structures anticipated to exist on the surface of the sun actually extended very far out into the corona as much as 100,000 miles. The Sun is emitting energy in tremendous shock waves of extremely hot gases, which swirl about like a hurricane on Earth. As these gases expand outward, they grow even hotter; this is a very surprising phenomenon. From Skylab data, scientists found that the rate of increase in temperature is much steeper than previously supposed. Now, a skeptic might ask, "And what good is this new information?"

Briefly, we are learning more about plasma physics by studying the sun, which provides hot gases in higher temperatures and in larger volumes than could be duplicated in the terrestrial laboratory. This knowledge of plasma physics is needed for guiding the development of fusion reactors on Earth, reactors that will probably become power plants of the future, helping to solve today's energy crisis. In fact, our first understanding of the process of nuclear fusion came from the study of the Sun, when all other forms of understood energy sources failed to account for its age and luminosity.

To continue our present type of civilization, new energy sources must be provided. Fossil fuels, our primary energy source today, have definite limits on their availability. Many nations are trying to protect their present sources of energy. Nevertheless, within predictable time limits, the oil wells of the world will run dry and coal mines will be depleted. Civilization will be faced with a crisis for survival unless new energy sources are discovered. Perhaps the answer is already written in the stars.

SPACE AS TOOL FOR ASTRONOMERS

Fascinating discoveries in astronomy during the past decade have shown scientists a universe filled with objects emitting tremendous amounts of energy, defying explanation based on the state of knowledge today. Quasars, pulsars, and black holes are among these baffling objects. Many believe that quasars are the most remote objects in the universe. Looking like stars when viewed through an optical telescope, they emit more energy than the most powerful galaxies known. If they are as distant as many astronomers think, the total amount of energy emitted by a quasar in 1/30 of a second would equal the energy developed in the world during 1973. It is now realized that these energetic phenomena are not as rare as originally thought, and that nature frequently releases enormous quantities of energy by processes that are as yet beyond our comprehension.

Pulsars—spinning, burned-out remnants of stars—are believed so dense that a cubic inch may weigh a billion tons. And even denser are black holes, believed to be the final stage in the collapse of dying stars. The material is so densely packed and the gravitational force so great that even light waves are unable to escape from the volume of black holes. Many scientists now believe these objects are manifested by emissions only seen from above the Earth's obscuring atmosphere.

In its High Energy Astronomy Observatory (HEAO) program, NASA plans to place into space scientific instruments capable of performing high-sensitivity, high-resolution studies of celestial X-ray, gamma rays, and cosmic rays.

Information returned by HEAO will help provide a better understanding of the nature and origin of these high-energy astrophysical objects.

NASA is also developing a Large Space Telescope (LST) scheduled for launch in the 1980's, with which scientists will be able to gaze deeper into space—possibly to the very outer edges of the universe. Because this multi-purpose optical telescope will be in orbit above Earth's atmospheric haze, turbulence, absorption, and air glow, it will see the heavens clearly. Scientists will be able to view celestial sources—such as galaxies, stars, quasars, and pulsars—which are 100 times fainter than those seen by the most powerful ground-based optical telescopes. The resolving power of the LST will enable scientists to make a more comprehensive evaluation of the mass, size, shape, age, and evolution of the universe. And it will improve the ability to discover and explain new celestial objects such as the recently discovered quasars and pulsars.

Another question that intrigues astronomers is the search for planets around nearby stars. It is highly unlikely that we will ever see a planet around any other star, for it would shine only by light reflected from its parent star. However, there is a way to determine a planet's existence. By observing the periodic gravitational motion of the intrinsically much more luminous star, astronomers could determine the approximate mass of a planet and its distance from the star. Some scientists claim to have already observed what they believe to be a star-planet pair—Barnard's star. The high resolution of the LST would permit the detection of such planets—if they exist—around about 80 other similar stars within 30 light years of Earth. Such discoveries would add to our knowledge about the basic processes of formation of the Earth and would serve as one indicator of the chances of other intelligent life in space, possibly the most intriguing question of all.

And so it is that we really stand on the threshold of viewing with understanding a vast universe, one that will reveal, I am sure, new knowledge, a quantum jump away from our current concepts.

SPACE AS A NEW BEGINNING

The Renaissance flowered in Italy in the 14th Century and spread through Europe during the next two centuries. Following in the wake of enlightenment was a great revival of art and literature, a gradual changing of customs, relationships, and institutions, together marking the transition from the medieval world to modern times. This flowering did not result from man becoming inherently more intelligent or having a larger body of facts and experience to draw upon; rather, it came from man looking at himself and his world in a new perspective. I believe that our first uncertain steps in space can mark the beginning of a new perspective and a new Renaissance.

The Moon, our nearest neighbor in space, was once thought to be remote and inaccessible to man. Americans were the first men to walk on the surface of the moon—far from Earth. It was a mind-expanding experience. From the moon, Earth is a tiny blue planet in the void of space—the only one of its kind, as far as we now know. The view of the fragile-looking planet Earth from space brought home the truth that all boundaries between nations are artificial. How can man view for long his problems as only those that touch him daily instead of those of the world?

Pioneering is always costly. Exploring space is costly. So was the Renaissance in medieval times. Those huge cathedrals required tremendous resources. These resources could just as well have gone for better housing, food, and clothing for the less fortunate. But who can deny that the faith, hope, and love symbolized by the upward reaching spires of those cathedrals has not contributed in a lasting manner to the progress of mankind over the centuries?

Money in itself is not a natural quantity, but is a measure of human activity. The real issue in paying for a space program, with its resulting knowledge and perspective, is whether or not we want to continue to grow and learn, or are we satisfied to return to a new, materially rich but spiritually deadening Dark Age. To fail to explore what can be seen from the distance, to fail to ask why and how, about what is around us is to deny purpose and meaning to why we are here. How can we not sail upon this new ocean?

Our investment in space is already paying dividends. Benefits will increase in the future. While exploiting space, we must continue to explore. With our feet placed firmly on the ground, we must continue to be visionaries. With this approach, America's future in space will be assured.

THE NEW EDITION OF SENATE PROCEDURE, PRECEDENTS, AND PRACTICES

Mr. HOLLINGS. Mr. President, today Senators are receiving the latest revised edition of Senate Procedure, Precedents, and Practices. This new edition, prepared under the supervision of Dr. Floyd M. Riddick, the Parliamentarian of the U.S. Senate, supplants the 1964 version.

As one of 100 students of Senate Procedure, I would like to express my thanks to Dr. Riddick and his coworkers.

The authorship of so important a book is no easy task. The writer must be historian, detective, lawyer, grammarian, and stylist, in addition to parliamentarian. He must be familiar with the precedents and practices of the Senate all the way back to its earliest sessions. He must amass so wide a knowledge that without total commitment, his labors could not succeed.

We are fortunate indeed to have just such a man as our Senate Parliamentarian. We look to him day in and day out for advice, and we respect the knowledge and dedication he brings to his work. Dr. Riddick goes about his job in full knowledge that the acts of today become the precedents of tomorrow, and he does not shrink from the responsibility which this entails.

This book is the stuff from which is made good legislation—and good legislators. It helps bring order and courtesy and the atmosphere for progress to our endeavors. It gives a sense of direction. It is, in short, an indispensable tool of the Senate. When the going gets tangled, we have this work—and we have the great interpretive abilities of Dr. Riddick—to get us back on course.

Mr. President, the presentation of the new edition of Senate Procedure is a most welcome event, and I congratulate Dr. Riddick and his very competent coworkers for bringing this project to a successful culmination.

PUBLIC EDUCATION

Mr. HOLLINGS. Mr. President, we hear a lot of speeches about education every year at this time. Most of them are well-intentioned. But—because the name of the game as the school year ends is oratory and inspiration—many of these talks are short on facts and lacking in candor.

Recently I had occasion to listen to an education speech which laid it right on the line. It cited chapter and verse. It told the facts. And it painted a picture from life. In truth, the picture is not a pretty one. But before we can improve the situation, we must face the facts—and face them frankly.

Public education is in deep trouble. It is getting further and further from the people. Its administration, especially in the larger cities, has been stultifying. Crime in the corridors is becoming an epidemic. Good, old-fashioned education is going by the boards. And every dollar we get to build up our system comes only after pressuring and cajoling and reversing the edicts of the national administration.

Last week the South Carolina Education Association assembled in Columbia for its annual convention. It was fortunate to have as its main speaker the president-elect of the National Education Association, James A. Harris. If this speech is any indication of what kind of leadership the NEA will have under its new president, then we will all be blessed. Here is an educator who calls it as he sees it and tells it like it is. His speech mirrors a commitment and a dedication that are all too rare these days.

Mr. President, for anyone interested in where we are and where we should be heading in education, this address is required reading. I ask unanimous consent that it be printed in the RECORD.

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

SPEECH OF JAMES A. HARRIS

I am going to focus on a few issues that affect education and are national in scope, but are issues with very definite implications for most major cities in the country.

Education to a large degree in these areas is still a losing game. The total system is failing the educational process to a greater degree than society can afford. If the major cities fail, the Nation fails. We will continue to lose ground at an increasing rate each year until impressive and, in some instances, drastic changes are instituted.

A portion of the necessary change is one of commitment, and the remainder includes involvement and support.

Let's take a look at the national picture. There are nearly two million school-aged children not in school. The majority, but not all, of this nearly two million are in the large cities.

Of the students that we currently have in our classes, more of them will spend a portion of their lives in a correctional institution than those who will attend all of the institutions of higher learning. On any given day, there are thirteen thousand school-aged children in correctional institutions and 100,000 in police lockups or jail.

Twenty-three percent of all of our students drop out of school, with a much larger percent of those that remain having an unsuccessful experience that fails to provide them with the skills that would permit them to be successful in today's society.

Henry T. Hillson, president-elect of the New York City High School Principals Association, described conditions in a November 30, 1970, article in U.S. News and World Report: as a result of school policies, New York high schools are packed with students who have no interest in education. We have thousands of pupils, literally thousands, who pass no subject. Some have not passed a single subject in two full years. They roam the buildings at will. They come and go as they please, go to classes or not, as they wish. They hang around in the toilets.

They disturb classrooms, and we may not do anything about them unless they engage in an act of violence. We cannot even ask the superintendent for suspension. There is nothing anybody can do to get them out of school before they are twenty-one, if they wish to stay.

Hillson made this prediction at that time: "Unless the board of education and the state legislature take action with respect to some kind of control or some kind of special schooling for this disruptive group, within a limited period of years we won't have a good academic high school left in the city. And that goes for every big city where there is a population problem." This is nearer to being a fact today than it was when it was spoken four years ago.

This describes public schooling in too many of our cities. Alternative school programs that have developed are underfunded, halfhearted, and weak.

A reality that I consider even more frightening is the crime in schools. A few weeks ago I spoke at the memorial service for the assassinated superintendent of schools in Oakland, California. Mr. Foster was slain by the group that is currently involved in the Patricia Hearst food ransom case. The significance of that tragedy is that it was not an isolated incident, but was rather a part of an organized effort to persuade opinion in the schools. Mr. Foster was with his aide not just because they were close friends, but rather, because that school like others in the area had adopted protection policies that stated that the teachers would never walk the halls alone or go to the parking lot alone. Today, it is necessary that many major cities have such policies.

The California state department of education recently published a 1973 report on conflict and violence in California's high schools. That task force indicated that general crime is a serious problem showing an unmistakable increase in the schools of the state. Vandalism, in particular, appeared to be a serious problem for most schools. Indications were that it was increasing in freqeuncy and yet the rate of increase did not appear to be as great for vandalism as for some other types of school crimes. For a four-month period from September to December 1972, juveniles committed assaults on 122 teachers and 512 juveniles in Los Angeles County.

In the same county, the following was reported: there were two murders on school grounds, assaults on 49 peace officers, and 299 cases of weapons possession.

In 110 school districts throughout the country surveyed by the U.S. Senate subcommmittee, vandalism incidents increased from 186,184 in 1964 to 250,549 in 1968. NEA statistics estimated that the annual cost of vandalism to schools is two hundred million dollars.

The California schools report the following monthly averages:

Twenty-eight assaults on certified personnel.

Nine assaults on peace officers.

Seventy-four assaults on students.

One hundred twenty possessions of guns, knives, or bombs.

One thousand, three hundred nine incidents of vandalism or theft.

And, mind you, the schools of California are rated as being safer than the schools of eight other systems of the nation.

I gathered a few figures on the schools of the District of Columbia, Baltimore, Philadephia, and Memphis. The latest information covered a three-year period from 1969 to 1972.

RETENTION RATE: 1969–72 (9–12 GRADES)—"PUBLIC SCHOOLS"

District of Columbia, 9,034−5,287=3,747 or 41%−59% elsewhere.

Baltimore, 13,336−8,457=4,879 or 37%—63% elsewhere.

Memphis, 10,391−1,589=8,802 or 84%—15% elsewhere.

Philadelphia, 17,754−6,180=11,574 or 65%−35% elsewhere.

The elsewhere includes the street, jobs, jails, some alternative program, the military, or some combination of these. The point is that 59 percent of D.C. students had an unsuccessful experience in school. And, that was true of 63 percent of the students in Baltimore. It means that most left with less than a high school education.

A large segment of all students receive an education which is inadequate for today's society. Most of these individuals will be a burden on society for the remainder of their lives.

Again, this dropout rate is a national problem—they are not alone.

For each 100 students that attended school across the nation, the following is true:

Twenty-three drop out, 77 graduate from high school, 43 enter college, 21 B.A., 6 M.A., 1 PhD.

There are a few other urban school characteristics that are worth mentioning. To illustrate these, let's take a close look at what happened recently in Maryland. The Baltimore teachers were involved in a long, bitter strike that divided the teachers, disrupted education, achieved modest gains, and inflicted wounds that will be years in healing. Again, what is true in Baltimore that pro-

duced this unavoidable display of true professionalism by teachers is true in an alarming number of urban centers.

They are already, or rapidly becoming more than fifty percent minority.

Washington, D.C., 74.3%; Miami, 68%; Chicago, 41%; New Orleans, 49.3%; Baltimore, 48%; Atlanta, 53%; Newark, 67%; San Antonio, 53%.

The inner city white children are attending private and parochial schools in rapidly increasing numbers. The student public school minority population is even a greater percent than the city's minority population.

The school boards and other governing bodies with large amounts of power are often composed of individuals with only a business interest in the city, whose desire is to reduce or maintain school spending at minimum levels. They emerge from behind the suburban drapery to impose their desires. They are not educators, rarely residents of the inner city, and even more rarely educational missionaries.

These individuals combine their legitimate authority with behind the scenes maneuvering to resist negotiations efforts. During the strike, the Baltimore teachers found that banks introduced unusual and unreasonable collateral requirements for teacher loans. The teachers' credit union that includes key people from the administration refused to make teacher loans. The food stamp program that is available to other groups of striking and unemployed segments of the community were denied to the teachers.

A quick settlement is of little consequence to boards in such situations. Their children rarely attend these schools. Each day of the strike saves thousands of dollars in unpaid teacher salaries. They are ideally situated to carry out their aim of regressive spending and bare bones minimal inner city education. They apparently have no priorities that are served by first class education for inner city children. Professional excellence is not common jargon in our central cities.

There has never been a large scale commitment to these children that was sufficient to initiate an upward trend in inner city education.

The union played a negative role in Baltimore, and is directly responsible for the fact that the gains were so modest, and the division at the conclusion of the strike was so great. Throughout that episode in Baltimore, as in many cities, the union conducted itself in a self serving role. They attempted to push the association into untenable relationships with other organizations. In Baltimore, as in many similar situations, they were more concerned with discrediting association leadership than they were in improving teacher welfare or education.

Traditional big city union domination is considered by many to be one of the contributors to the plight of education in those areas. Unions have traditionally been willing to walk to improve teacher welfare, but it is rare indeed for it to stand up to improve education.

Inner city education has recently been further victimized by an unfriendly Nixon administration. Federally funded education programs have been constantly in danger of elimination. This administration has erased more progress in urban education than they, or anyone else, have erased on any kind of recording tape. While it is true that they know firsthand what it means to be imprisoned, their sentences are short when compared to the millions of children in prisons of ignorance from which they may never emerge.

Mr. Nixon has performed like a retarded Robin Hood. The very poor have been robbed to share with those of less poverty. He takes from the poor to give to the rich.

The new ESEA guidelines raise the poverty level guidelines from three to four thousand dollars.

The already too small pie that formerly served those earning three or less thousand dollars per year will be cut to serve the three to four thousand bracket.

New guidelines will make it legal to fund certain private school programs to further weaken the assistance to public education.

The House version of the guidelines for ESEA would offer the option of allocating funds on the basis of locally developed tests. Those schools receiving the lowest test scores would be rewarded for incompetence. If the grades were raised, funds would be eliminated. Specially designed tests could direct funds to those with little economic need and, again, the inner city would be shortchanged.

This is the kind of reverse Robin Hood thinking that suggests that the way to shorten fuel lines is to permit gas prices to go so high that only the wealthy can afford it. Now that prices are up, the embargo is lifted. There will be sufficient fuel, but the price will remain high. Like the Russian wheat deal, there is much about it that goes against the grain.

It is this kind of climate that breeds the thinking that appeared in the January 7 Christian Science Monitor this year. Kenneth Garrett, education editor of that publication, suggests that the way to eliminate most school problems is to reduce the compulsory age level to 14. He further suggests that loosening the school age would cause many students to stay in school. How is that for a contradiction? It is estimated by some that this would immediately dump five million additional unemployable youths on the streets.

To get the total picture, consider what is happening in higher education. Tuition rates are increasing semiannually. Only the middle income and above can afford to pay college tuition. To have two college-aged youngsters represents a major portion of the salary of a middle income family.

Nobody is really objecting to the fact that States are spending more to incarcerate a child than to educate that same child. That is a fact.

It costs approximately $5,395.00 for one year in Harvard, and $3,525.00 for George Washington University in Washington, D.C. The State will not spend this five thousand four hundred dollars per child that it takes to provide a top education at Harvard, or $3,525.00 for George Washington. However, the State is willing to spend in Iowa $9,000.00 per student for one year in the juvenile home at Eldora, Iowa.

Maryland spends $18,000; Illinois and Michigan, $10,000; Virginia, $3,877; Missouri, $2,300; District of Columbia, $7,469 per child for one year in a correctional institution.

While we are at it, what are these same States actually spending on each child in school?

Iowa spends $1,058.00 per pupil. Pennsylvania spends $1,313.00 per pupil. Illinois spends $1,144.00 per pupil. Michigan spends $1,183.00 per pupil. Missouri spends $881.00 per pupil. Virginia spends $868.00 per pupil. In D.C. for fiscal year 1974, $1,385.00, Tennessee spends $759.00 per pupil.

Henry M. Levin, Associate Professor, Stanford University, prepared a report for the Committee on Equal Educational Opportunity in January 1972. His report titled "The costs to the Nation of inadequate education" has the following to say:

"An inadequate education for a substantial portion of the population not only handicaps those who are undereducated, but also burdens society with reduced national income and government revenues as well as increased costs of crime and welfare.

The purpose of this study was to estimate the costs to the Nation of such educational neglect where an inadequate education for the latter third of the 20th Century was defined as an attainment of less than high-school graduation. Using data from the U.S. Department of Commerce and other sources in conjunction with extensive research literature from the social sciences, this report obtained the following findings:

"1. The failure to attain a minimum of high school completion among the population of males 25–34 years of age in 1969 was estimated to cost the Nation:

$237 billion in income over the lifetime of these men; and $71 billion in foregone Government revenues of which about $47 billion would have been added to the Federal Treasury and $24 billion to the coffers of State and local governments.

"2. In contrast, the probable costs of having provided a minimum of high school completion for this group of men was estimated to be about $40 billion.

"Thus, the sacrifice in national income from inadequate education among 25–34-year-old males was about $200 billion greater than the investment required to alleviate this condition.

"Each dollar of social investment for this purpose would have generated about $6 of national income over the lifetime of this group of men.

"The Government revenue generated by this investment would have exceeded government expenditures by over $30 billion.

"3. Welfare expenditures attributable to inadequate education are estimated to be about $3 billion each year and are increasing.

"4. The costs to the Nation of crime that is related to inadequate education appears to be about $3 billion *a year* and rising."

This also could not exist if efforts to blame teachers alone for inadequate education would stop.

The NEA will vigorously resist any effort through so-called accountability schemes to place the responsibility on teachers alone. An industrial mentality will not and cannot work in school evaluations for a variety of reasons.

If education is to have an evaluation spotlight, the light must be shared by all who make or fail to make educational decisions.

Taxpayers, legislators, school officers, curriculum directors, administrators, school board members, and teachers. Teachers are not superhuman, and they will not be scapegoats. We are only a part of the answer. We could supply answers to a good many more of the problems than we are permitted. As orderly negotiations processes are achieved, we will have a fairer share of the input, and then we will readily accept more of the responsibility.

This situation could not exist if our Nation had a commitment to children in general and inner city education in particular. And it will not exist long if we are willing to do a few things to our own priorities.

China did—education top priority. Factory-school. Literacy moved from 26 percent to 67 percent in twenty years.

I am convinced that we must immediately undertake a yet to be developed concerted effort to reverse conditions that presently exist. We owe it to children. We can afford it. We are spending fantastic sums on things that are much less important. Our national priorities have become distorted.

At present—defense planning of U.S. equipping submarine with multiple independently targeted reentry vehicles (MIRV). Each Polaris sub—destroy 175 or more cities. Single sub commander—empowered to destroy almost all major life on the planet.

UNITED STATES HAS 11—RUSSIA 40

We have a commitment to the military. The 1974 Federal budget allocates $87 bil-

lion for defense and $4.8 billion for education. Money spent on one naval weapons plant could build 35 schools for four million each.

The United States and Russia currently have the equivalent of one ton of TNT for every person—man, woman, and child—on the face of the Earth, and we are both still building.

In Vietnam, we spent in excess of 352 billion to kill 937,562 Viet Cong, which is 40,000 per person. We were willing to spend 40,000 to kill each person. Where does this suggest our national commitment is?

Let's take a look at another of our Nation's top budgetary items, the space program. This has cost us betwen 3.4 billion to 5.4 billion every year since 1963.

The proponents of this program list the advanced technology learned. We have a new, hard coating for cookware, a new insulation, a new speed detection device that is being used by the police in Huntsville, Alabama, digital clocks, new ball point pens that will write upside down, and a pile of moon rocks. This is not too impressive when we realize that it has cost in excess of 40 billion dollars.

We have permitted our priorities to become illogically arranged. There comes a time when somebody, some group, or some organization must say we are on an unproductive venture. There are obviously some better ways to do what we are doing.

The NEA is determined to cause radical changes to take place in urban schools. A significant portion of our budget and energies will be used in this direction beginning next year. Local programs will be developed to target individual cities. Coalitions with other organizations are being formed so that our full force might be realized. The one million four hundred thousand member NEA has invited the four hundred thousand member AFT to join such coalitions. However, we doubt that they will respond because their real commitment is not, nor has it ever been, to exert an all-out effort to improve education. And, ironically, other public employee groups have joined with us.

The NEA is also determined to cause some radical changes to take place in the political scene on the state and national level. We are going to raise more money, make more phone calls, and push more doorbells than we ever dreamed of in the past. We have the voting records on politicians. We will support those who are satisfactory, work with those who need to improve, and grant early retirement to those who are unsatisfactory.

By the way, it will become increasingly difficult to buy off teachers at the negotiations table with salary proposals alone. We want to talk about how we do our business, what we must work with, and the constant retraining that we must have. These determine to a large degree the kind of job we will be able to do. We now see that where we have settled for salary alone no one else knows enough about or has sufficient interest in education to do what is necessary to move it into the seventies.

We still have an education that was born in log cabins, nurtured in rural settings, and shoehorned into urban areas, and it stands grossly wanting in a space age setting that requires a global perspective and a total commitment. We still have people that believe the way to solve the energy crisis is have Americans ration gasoline, or that the threat of war would end if all countries had a democratic form of government, or that the way to prevent teacher strikes is to deny teacher negotiations. Such thinking is outdated and unproductive. They deal with only a portion of a problem that is massive and complex.

The government can afford what we know must happen. And, it is the Federal Government that must increase its share of the educational dollar. It must move toward one-third general aid, save categorical aid, and work for funding of special programs. We need 670,000 additional teachers to upgrade programs.

Four hundred thousand are needed to reduce class sizes, 245,000 are needed for special programs; 21,000 are needed for kindergarten; 6,000 to reinstate programs cut.

The five billion dollar defense hike alone would staff schools adequately.

We can no longer do the disservice of allowing our country to be halfhearted or casual about its commitment to children. These schools must be staffed by teachers that are united in an organization that will strike as hard at inferior education as it will at low salaries and poor working conditions. I and the remainder of the NEA leadership are totally committed to this.

We have a responsibility to kids and education. Our best efforts have not been permitted. To this date, the education for many kids has not been good enough. I am of the opinion that we must cause to happen a program that will push education to the top of our nation's priority list. When education is what it should be, our Nation will be closer to what it should be.

The same energies that conquered the outer space can conquer the inner city. Adequately educated young people will leave us a far greater legacy than will digital clocks or a bag of moon rocks.

OPPOSITION TO NO-FAULT INSURANCE

Mr. HRUSKA. Mr. President, I would like to take this opportunity to set forth in a comprehensive manner the various bases of my opposition to S. 354, the Federal "no-fault" bill which is currently before the Senate.

My remarks in this regard will generally parallel the minority views of the Committee on the Judiciary (S. Rept. 93–757) which are generally reflective of the opinions held by seven of the committee's 16 members.

The bases of opposition to S. 354 may be summarized as follows:

First. The approach adopted by S. 354 is of doubtful constitutional validity. By compelling the States to create agencies and to staff and fund them to administer a Federal law, S. 354 forces the States to become agents of the Federal Government. Few more powerful instruments for the centralization of the Government could be devised. Such an approach interferes with, indeed violates, the sovereignty of the States as manifested in the 10th amendment.

Second. S. 354 may jeopardize the citizen's right of recovery. If a State refuses to adopt legislation under title II and to administer a no-fault plan under title III or if S. 354 is held unconstitutional, the citizen's right to recover through either the no-fault plan or by traditional tort remedies would be jeopardized. S. 354, by and large, abolishes the tort remedy. Thus, if a State refuses to administer a no-fault plan, a citizen cannot recover under either tort or no-fault.

Third. S. 354 violates the basic tenets of federalism as manifested in the McCarran-Ferguson Act. The Nation will fare best if the States, which are closest to the people, are capable of responding to the needs of its citizens. S. 354 constitutes another attempt, however, to rectify perceived problems by encroaching on the powers of the States and arrogating to the Federal Government another incident of power that has been traditionally retained by the States.

Fourth. Contrary to the early promise of the proponents of S. 354, the bill will likely increase the costs to the consumer. An analysis of S. 354 reveals that, by comparing the no-fault economic loss payment to the tort system combined economic loss and general damage payment, a majority of the States will experience an increase in costs. Comparing the total tort system claim costs to S. 354's low benefit, low threshold, and $2,500 per claim deduction, the analysis indicates that consumers in 44 States will experience an increase in costs. In only six States will there be a decrease. Thus, by either comparison, S. 354 will cause an increase in premiums to the consumer in a preponderance of the States. By virtue of the so-called Abourezk amendment, which was accepted by the Senate and eliminated the $2,500 deductible feature, premium costs will likely rise another 11 percent over earlier anticipated cost consequences.

Fifth. S. 354 presents several serious inequities. It will grant a windfall to truckers, rental vehicle owners and other fleet owners at the expense of private vehicle operators. The bill also discriminates against the rural States. Cost decreases, if any, will be concentrated in the urban States at the expense of drivers in rural States where cost increases will be the case. Furthermore, S. 354 imposes an inordinately high tort threshold and medical base.

Sixth. Inherent in S. 354 are certain anti-small-business and anticompetitive features. The bill would deal many of the small companies a severe blow, threatening their existence, because of the narrow spread of risk with which they work and because of added costs of Federal regulation.

For these reasons, which I shall discuss at length, the Congress should reject S. 354 as presently drafted and await the presentation of a legislative proposal which might be more in keeping with traditional Federal initiatives and more responsive to the enlightened needs of the Nation.

With respect to the constitutional issue, the scheme proposed in S. 354 raises a question which goes to the heart of our Federal system. S. 354 would compel the sovereign States to create agencies, to grant broad powers to the newly created agencies, to staff the agencies, and to fund them through the State treasury, all for the purpose of administering a Federal no-fault automobile insurance system. What we have, quite simply, is the Federal Government passing a law but forsaking any responsibility in carrying out the demands of the law.

Mr. President, few more powerful instruments for the centralization of all power in the Federal Government could be devised. If the Congress adopts the approach of S. 354 we will lay the groundwork for vitiating the ability of the

States to respond to the needs of its own citizens.

Let us examine the consequences of this approach. Under S. 354, Congress would become an overseer in the field of automobile insurance with the States serving as the workers. What will spur the Federal Government to act responsibly? Not the cost of administering the plan—the States will have to finance the administration. Not the duty to oversee a Federal agency responsible for administering the act—there will be no such agency; the States will have to create their own. Not the considered opinions of Federal employees having ready access to the Congress—there will be no such Federal employees.

Mr. President, let us also take the approach of S. 354 to its logical conclusion. If the power of Congress over interstate commerce is not subject to the limits of federalism, Congress can order the States to carry out nearly any program. Justice Douglas in *Maryland* v. *Wirtz*, 392 U.S. 183 (1968) described the consequences that might flow from such an approach:

> If constitutional principles of federalism raise no limits to the commerce power where regulation of State activities are concerned, could Congress compel the States to build superhighways crisscrossing their territory in order to accommodate interstate vehicles, to provide inns and eating places for interstate travelers, to quadruple their police forces in order to prevent commerce-crippling riots, et cetera? Could the Congress virtually draw up each State's budget to avoid "disruptive effect[s] * * * on commercial intercourse?

If all this can be done, then the National Government could devour the essentials of State sovereignty, though that sovereignty is attested by the 10th amendment.

The similarity between the examples paraded by Justice Douglas and the scheme proposed by S. 354 is striking. The fears the Justice expressed in *Maryland* v. *Wirtz* could come to fruition by this bill which, while not compelling "* * * the States to build superhighways to accommodate interstate vehicles * * *," compels the States to staff, administer and manage a no-fault insurance plan to accommodate travelers on highways. It should also be noted that the fears expressed by Justice Douglas were shared by the majority in the *Wirtz* case which noted that the Court has ample power to prevent "* * * undue interference with the States as a sovereign political entity."

I venture to say, Mr. President, that if the Federal Government had to create a bureaucracy to administer S. 354 and to appropriate money to fund the program, we would not even be considering this bill on the floor of the Senate. But what has S. 354 done instead? It passes all the toil and responsibility to the States. Aren't the proponents of S. 354 asking the Congress to act as a monarch issuing decrees and then absolving itself of all responsibility in carrying out the decrees? I think they are.

Mr. President, the constitutional argument can be stated quite simply: the constitutional scheme of federalism imposes limits on the power of the Federal Government to interfere with State sovereignty. This principle was stated long ago by Chief Justice Marshall in *McCulloch* v. *Maryland*, 4 Wheat. 316 (1819). There the Supreme Court recognized that federalism limited the power of the Federal Government to tax the States. Declaring that the power to tax is the power to destroy, the Court would not permit the Federal Government to utilize the taxing power to emasculate State sovereignty. By the same token, the exercise of the commerce power by Congress in such a way as to tamper seriously with State sovereignty is subject to limitation by the core concept of federalism as manifested in the tenth amendment.

Mr. President, if the power to tax is the power to destroy, the power to force the States to carry out Federal programs is the power to subdue. Such a power is contrary to our system of federalism. For that reason, I believe that S. 354, in adopting such an approach, is not constitutional.

We must be mindful of the hazardous effects that might flow from a decision by a State to refuse to administer the no-fault plan or from a judicial finding that S. 354 is unconstitutional. The consequences could be grave indeed.

We are dealing here with the rights of citizens to be compensated for property damage, personal injuries and the loss of their loved ones. The purpose of S. 354 is, by and large, to abolish the tort remedy. Thus, this fact taken together with the refusal or inability of a State to administer a no-fault plan would leave a citizen without any means of recovery. He could not recover under tort nor could he recover under no-fault.

It was argued in the Hearings that State officials, including legislators, could be mandamused if they refused to implement the no-fault plan. Such an argument assumes that S. 354 is constitutional. But that assumption aside, should the Congress authorize the use of the bludgeon of a writ of mandamus to force the States into line? Are we willing to raise the specter of the Federal Government compelling State legislators and State administrators to implement and administer a Federal law? I hope not.

Any approach that would contribute to a confrontation between the States and the national Government should be avoided for that reason alone. S. 354, because it sets the stage for a play of brinksmanship between the Federal and State governments is extremely ill-advised.

S. 354 is also violative of long-standing Federal policies. Since the very beginning of the regulation of insurance, the States have been the principal agencies for carrying out this responsibility. This policy was codified in the McCarran-Ferguson Act of 1945, Public Law 79-15 (59 Stat. 33) and is reflective of the basic tenets of federalism. Yet, S. 354 asks us to turn our backs on this long-standing policy.

We have chosen a system of government which as one of its basic precepts the belief that the Nation will fare best if the States. which are the closest to the people, are capable of responding to the needs of their respective citizens. S. 354 constitutes another attempt, however, to rectify perceived problems by encroaching on the powers and prerogatives of the States. By foisting a purported Federal "solution" on the States, the bill would arrogate to the Federal Government another incident of power that has been traditionally retained by the States.

Mr. President, I am reminded of the wise counsel of Justice Brandeis who advised that the States should be permitted to serve as "laboratories" so that they may "try novel social and economic experiments without risk to the rest of the country." Surely, if a State is successful in devising a workable formula for no-fault insurance, the other States will follow suit.

Indeed, it appears that the States are moving, each in its own way, to deal with the problems in the automobile accident reparations field. Since January 1, 1971, when Massachusetts became the first State to adopt no-fault insurance, other States have enacted a version of no-fault insurance. No plan has yet solved all the major problems. But the States are continuing to experiment in the true spirit of federalism. The Federal Government should not preempt these efforts.

I urge my colleagues to reject this attack on the sound values embodied in the McCarran-Ferguson Act. The States have functioned well under the act and we should not disturb these efforts.

The subject bill also presents a number of anticompetitive and anti-small business features. Sound public and congressional policies have historically protected small business. Through the years, speech after speech has been delivered on this floor on behalf of the small entrepreneur. Legislation has safeguarded him from unfavorable economic effects and conditions, from the shadow of giant competitors both foreign and domestic, and even from ill-advised encroachments by the Federal Government itself.

Small business is a vital part of our economy. Strong and vigorous small commerce is our first line of defense against the evils of monopoly. It is also a supplier of needed goods and services to many consumers who would be ignored or abused by larger enterprises. So the wisdom of the Congress was surely correct in evening up the odds in favor of small business.

Now we have before us a bill that could reverse these past efforts insofar as the automobile insurance business is concerned.

Approximately half of this industry is made up of small companies that limit their operations to a handful of States—five or less. About 200 companies do business in only one State. Altogether, the small company segment of the industry represents somewhere in the neighborhood of 350 to 400 individual firms. The National No-Fault Motor Vehicle Insurance Act would be crippling to most and fatal to many of these small companies.

The act would require automobile insurers, as a condition of doing business,

to provide medical and rehabilitation reimbursement without any limit whatsoever. A hundred thousand, a million, 3 million—the sky is the limit. It does not take a mathematical wizard to deduce that several catastrophic claims—and I am talking about four or five, no more—would result in tremendous expenditures year after year until the victim either dies or is restored to health.

For the large insurance company, the catastrophic claim presents no difficulty. The big company has enormous funds at its disposal, a sizable cash flow and a countrywide spread of risk. Nevertheless, even the large company hit by an extraordinary number of catastrophic claims would ultimately be compelled to raise its rates. But even under this circumstance, the big company is better off, because it can spread its rate increase thinly across many more policyholders and thereby retain a favorable competitive position. Therefore, it should come as no surprise to us that chief among the insurance industry supporters of the National No-Fault Motor Vehicle Insurance Act are large insurers.

But consider the plight of the small company. Typically, small companies spring up in response to a particular need and they serve a carefully defined, limited clientele. Perhaps their customers happened to live in one of the many vacuums left by the marketing plans of larger insurers. Maybe they lived in sparsely populated areas, where the inconvenience and expense of serving them would not be rewarding enough for a big company. Maybe they comprised a market that was not attractive to the big company: for example, residents of tiny towns and small cities, farmers, and so on.

The small insurer carves out specific markets and then confines its operations to serve only those markets. It is responsive to local needs in a way that a larger insurer could never be. In this way, the small company builds up a rapport with its customers and confidence and knowledge about its special market. As a result, it was the small, independent company that experimented and pioneered many of the consumer-oriented coverages we take for granted today such as uninsured motorist coverage, drive-other-car coverage, good-student discounts and many more.

These are the companies that S. 354 would push from the marketplace with its unrealistic mandate for limitless benefits. Just a few catastrophic claims falling on the small company and its limited reserves would be gone. When the small insurer responded by raising its rates, as it must, that increase would necessarily be higher because it would be spread across a small number of policyholders. Such action would, of course, result in a loss of business.

As many of my colleagues know, both large and small insurers buy layers of reinsurance to protect themselves against the catastrophic loss. A typical reinsurance agreement might require the company to pay all losses up to $25,000 and then reinsurance would pay additional losses up to, say, a million dollars.

It will be evident that a large company, with its greater funds and countrywide spread of risk, could afford to pay losses up to $50,000 or $100,000 before using its reinsurance. Consequently, the cost of that reinsurance would be less since it would be used less often.

But the small company, which could afford to pay only $25,000 out of its own pocket, would have to ask its reinsurer to accept a much greater financial burden, and it would have to use its reinsurance backup more often. Thus, the small company would find its reinsurance costs increasing at the same time its income was falling because of a slipping competitive posture.

During hearings of the Judiciary Committee, representatives of the reinsurance industry said they thought there would be adequate reinsurance capacity if S. 354 were enacted. Perhaps they are right, but that is only half the story we should be concerned with. The other half concerns the price of that reinsurance and that is where the wheel starts to squeak. Will there be reinsurance available at a price that these small companies can afford to pay and stay in business?

In this regard, it is also important to note that small insurers will be struggling with the ever-present problems of inflation and the alarming cost increases of medical care and automobile repair. Those costs, added to the prospect of further outlays for unlimited medical benefits and increased reinsurance premiums, could tip the scales against survival.

Caught between the twin pincers of rising costs and falling income, the small company could certainly go under, the first casualties being the 200 or so one-State operations. But before long, many of the two, three, and five-State companies could go down or be absorbed by their giant competitors.

In the end, the public would be deprived of the healthy competition that the small company has provided for more than half a century. The public would be dissatisfied and the actions of the Congress that have discouraged economic concentration would be frustrated. I do not believe that we can enact a bill that would have such grievous consequences.

It would also appear that the States are moving in the direction of the no-fault concept. Proponents of S. 354 claim that a nationwide automobile reparations system is the only way to assure that everyone everywhere who is injured in an automobile accident will have certain minimum benefits available. They are not satisfied with the progress made by the States so far in enacting no-fault or with the type of some of the no-fault laws enacted.

However, an examination of the record reveals a great deal of State interest in no-fault. By 1972 there were seven States with some form of no-fault programs in effect. These States were: Delaware, Florida, Massachusetts, Minnesota, Oregon, South Dakota and Virginia. Three other States had enacted no-fault laws which became effective on January 1, 1973: Connecticut, New Jersey and Maryland.

By the end of 1973, 22 States had passed no-fault legislation. However, in three of these States—New Hampshire, New Mexico and Illinois—the no-fault bills enacted were vetoed. The Governors of each of these States continued to favor and support the no-fault concept.

Recently, Georgia became the 20th State to enact a no-fault law. The other 19 States are: Arkansas, Colorado, Connecticut, Delaware, Hawaii, Florida, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, Oregon, South Dakota, Texas, Utah and Virginia.

It appears then that in about a year's time the number of States enacting no-fault laws doubled. Additionally, virtually all State legislatures meeting this year are considering no-fault legislation. To me, this adds up to a great deal of legislative interest and action.

Over the years, as insurance problems have arisen there has been a tendency on the part of some to call for Federal legislation as the only answer. Only a few years ago, back in 1969, a Federal solution to the insurer insolvency problem was strongly promoted. Speaking in behalf of S. 2236, the Federal Insurance Guaranty Corporation Act, its supporters at that time said:

> Federal legislation is needed in this area. It is high time Congress enacted the Federal Insurance Guaranty Act.
>
> The problem of insurance company insolvencies is national in scope. Therefore, a national solution is required.
>
> A Federal Insurance Corporation . . . would replace the present patchwork system of financial guarantees which consist of a few state insolvency funds. . . .

As it turned out, S. 2236 was completely unnecessary. Prompt and effective action was taken by State legislators. All but three States have enacted insolvency legislation applicable to property and casualty insurance companies.

Like S. 2236, S. 354 might prove to be a mistake. State legislators have shown that they are fully able to design and adopt no-fault plans that meet the legal and economic needs of their citizens. S. 354 would preempt all of the 20 State no-fault laws already enacted and prevent other States from adopting less sweeping approaches. History has shown us that this approach could be ill-advised.

Mr. President, no doubt the central question of the American consumer with respect to no-fault is its anticipated impact on auto insurance premiums.

The proponents of S. 354 disguise or ignore certain problems posed by the bill by stating that all will incur lower insurance premiums under Federal compulsory no-fault than under a tort liability system. However, this is not necessarily the case since the conclusion is based on some rather misleading assumptions for which we currently have no "hard" data but rather only subjective estimates.

It would likely be futile to debate this empirical problem here again but we can look more closely at the probability of whether this bill can promise "something for everybody."

To begin with, the only way the bill can deliver as promised is to make the auto insurance industry so much more

efficient that prices fall for everybody, not just reckless drivers. S. 354 purports to do this by: First, attempting to eliminate certain legal costs associated with the current tort-liability system by employing no-fault; and second, imposing Federal controls on the insurance industry.

Analyzing the second contention first, basic economics tells us that increased efficiency arises out of vigorous competition which compels firms to trim costs, innovate their product or service and improve distribution. The optimal way to promote competition in the insurance industry would be to allow each State to devise its own no-fault plan and then to observe which produced the best results for consumers. This "best" structure could then be offered to consumers as each firm bid for the consumers' dollar. If no one single nationwide plan evolves or emerges, then it would be clear that such an alternative is suboptimal and inefficient.

This bill seeks to circumvent and short circuit this normal evolutionary competitive process and to compel the States and insurance industry to adopt its own, untested, no-fault bill. Furthermore, many smaller, highly efficient, customer-oriented firms have indicated in hearings that due to the problems of reinsurance which would arise under this bill, they will be forced out of business thus removing another strong competitive force that produces greater efficiency and lower prices.

If history repeats itself in the area of regulation, federally run no-fault will ultimately lead to the cartelization of the insurance industry with set, fixed, monopoly prices instituted and enforced by the Federal Government.

In short, the adoption of federally run non-fault would increase rather than decrease inefficiency in the auto insurance industry since it will curtail competition: First, between different State-proposed bills; second, between firms due to the forced bankruptcy of some; and third, between the remaining firms due to the inevitable Government cartelization of the industry.

With respect to the question of legal costs, the issue here is whether this no-fault bill will actually lead to a significant savings. To date, we do not have substantial information on this issue but even assuming the answer is affirmative with respect to existing plans, this does not argue for Federal no-fault but only for some "optimal" form of no-fault. This particular plan does not seem to offer the great savings in legal costs promised since disputes between insurers and policyholders which could not be resolved by negotiation would be resolved by court proceedings. These disputes would obviously occur in major, personal injury cases and in other instances where they now occur.

Thus, even if the no-fault concept can lead to lower legal fees, this in itself does not compel a federally authorized mandate. Moreover, the notion introduces some obvious significant inefficiencies via the competitive structure of the industry which would most likely outweigh any advantages from the reduction in legal fees. It is vigorous competition between firms that yields greater efficiencies and lower prices, not Federal mandates or rearrangements of liability requirements.

The basis for the premium reduction claim by the proponents of S. 354 is the actuarial study performed by the firm of Milliman and Robertson under a grant from the Department of Transportation.

We are all aware that the validity of actuarial studies is based on the fact that they are grounded on actual events that have occurred in the past. Unfortunately, however, the Milliman-Robertson study was based on data generated under the tort system which was projected for no-fault. This is similar to projecting the output of Florida grapefruit based on last year's harvest of Florida oranges. The major problem in this regard is the obvious absence of much of the information crucial to the calculation of no-fault cost estimates, including information relative to economic loss and recovery from collateral sources. Such information is not essential to the settlement of a tort liability claim and is frequently not collected. However, since it is the purpose of S. 354 to pay economic loss while restricting the payment of general damage, it is mandatory that we collect economic loss data based on no-fault as opposed to tort experience.

It is clear then that the tort data base employed by Milliman-Robertson had to understate the amount of economic loss that will actually occur under no-fault, thus biasing the cost savings.

The Milliman-Robertson Study recognized this critical shortcoming by noting that ". . . they [the cost predictions] are subject to a high degree of uncertainty as well as being very susceptible to misinterpretation." If Milliman and Robertson were this cautious in their own estimate of S. 354's results, how can we treat them as conclusive?

In point of fact, when the Milliman-Robertson estimates were compared with the actual no-fault experiences of Florida and Massachusetts, the model failed by more than 33 percent in both instances—Florida predicted a decrease in premiums when in fact Florida has experienced an increase. In short, the Milliman-Robertson study appears to be a highly unreliable predictor based upon the fact that it utilized tort liability data to estimate no-fault premiums, while recognizing that a no-fault system as proposed under S. 354 will in no way resemble the tort system that generated their results.

In addition to the caveat just noted, Milliman and Robertson noted five additional caveats. However, rather than continuing with the obvious statistical flaws in the study, let us closely examine its results along with the adjustments Milliman and Robertson imply in these six caveats.

At this point, I offer for inclusion in the RECORD a table from the Milliman-Robertson study with respect to the total auto premium that would be paid under no-fault vs. tort. This table is found at page 58 of the report of the Committee on the Judiciary.

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

TABLE I.—S. 354 COSTS UNDER BENEFIT AND THRESHOLD VARIATIONS—CHANGE IN AVERAGE TOTAL AUTO PREMIUM

	High benefit level, tight threshold provision	High benefit level, loose threshold provision	High benefit level, threshold provision	Low benefit level, no tight threshold provision	Low benefit level, loose threshold provision	Low benefit level, no threshold provision
Alabama	−5	−1	+4	−9	−4	7
Alaska	0	+5	+10	−4	+1	+0
Arizona	−4	0	+6	−9	−4	+2
Arkansas	−4	0	+5	−8	−4	+1
California	−9	−4	+2	−13	−8	−1
Colorado	0	+4	+10	−4	0	+6
Connecticut	−7	−2	+5	−10	−6	+2
Delaware	0	+4	+10	−4	0	+6
District of Columbia	−6	−1	+6	−8	−4	+4
Florida	−5	0	+8	−10	−4	+4
Georgia	−2	+2	+7	−6	−2	+2
Hawaii	−8	−3	+5	−12	−7	+1
Idaho	0	+4	+8	−5	−1	+4
Illinois	−3	+2	+8	−7	−2	+4
Indiana	0	+4	+10	−5	0	+5
Iowa	0	+5	+10	−5	0	+5
Kansas	−1	+3	+8	−6	−2	+3
Kentucky	−1	+4	+9	−5	0	+4
Louisiana	−5	0	+7	−10	−4	+3
Maine	+2	+6	+11	−3	+2	+6
Maryland	−1	+6	+13	−5	+1	+8
Massachusetts	−8	−2	+5	−12	−7	+1
Michigan	+2	+6	+12	−2	+2	+8
Minnesota	−2	+4	+10	−7	−2	+6
Mississippi	−4	0	+4	−8	−4	0
Missouri	−5	0	+6	−9	−4	+3
Montana	+1	+4	+9	−4	0	+4
Nebraska	+2	+6	+12	−3	+1	+5
Nevada	−5	−1	+3	−8	−5	0
New Hampshire	−1	+4	+9	−6	−2	+4
New Jersey	−11	−6	+2	−14	−8	−2
New Mexico	−2	+2	+7	−7	−2	+2
New York	−6	−1	+6	−11	−6	+2
North Carolina	+2	+7	+13	−4	+2	+8
North Dakota	+4	+8	+12	−2	+2	+7
Ohio	−3	+1	+6	−7	−3	+3
Oklahoma	−3	+2	+8	−7	−2	+4
Oregon	0	+5	+11	−5	0	+6
Pennsylvania	−5	0	+7	−8	−4	+3
Rhode Island	−4	+2	+8	−9	−4	+4
South Carolina	+4	+9	+15	−1	+4	+9
South Dakota	+1	+5	+9	−4	0	+4
Tennessee	−4	+1	+7	−8	−3	+3
Texas	−5	−1	+4	−8	−4	0
Utah	−3	+1	+7	−7	−2	+4
Vermont	+3	+7	+12	−2	+2	+7
Virginia	+3	+8	+15	−2	+3	+10
Washington	−2	+2	+9	−7	−2	+5
West Virginia	−4	0	+5	−8	−4	+1
Wisconsin	+2	+7	+14	−4	+2	+8
Wyoming	+1	+4	+8	−2	0	+4

Mr. HRUSKA. This Milliman-Robertson table reveals that only a no-fault bill with a structure of low benefits and a tight threshold yields a reduced premium, on the average, for all States—column 4 of table. A low benefit limitation provides: First, a maximum wage loss benefit of $15,000; second, a maximum period of 1 year for loss of services; and third, a maximum survivor's benefit of $5,000. A tight threshold requirement provides: First, that a tort remedy cannot be pursued without a qualifying disability period of 6 months; and second, in the event a tort claimant is successful, $2,500 is deducted from his general damage recovery. Of course, the cost-saving deductible feature is now no longer available and this will push costs even higher. However, for purposes of this analysis I will not make the additional 11-percent upward adjustment.

I do not think it is unlikely to expect that, given current levels of medical payments and the cost of living, most States will find a $15,000 fixed maximum for wage loss and a $5,000 death benefit woefully inadequate. Moreover, some States may also find the tight threshold provisions to be unduly harsh restrictions on the rights of seriously injured victims.

If we turn to column 2 of the table which projects premium costs with high benefits and a loose threshold, we are made aware of the more realistic costs of no-fault.

A high benefit provision would allow: First, a $25,000 wage-loss maximum; second, a 33-year loss of services period maximum; and third, a $15,000 death benefit ceiling. A loose threshold provides: First, that only 2 months of disability is necessary in order to pursue a tort remedy; and second, in the event a tort claimant is successful, does not contain a deductible general damage feature.

Assuming that most States will select a combination of high benefits and tight threshold, the figures set forth in column 1 of the Milliman-Robertson study need further adjustment in order to account for additional caveats which are set forth in the study.

The major adjustments and their percentage changes are as follows:

First. Since current tort insurance policies contain a first-party medical no-fault provision, we must factor out this false savings from no-fault savings. Since personal injury premiums currently account for half of this first-party insurance, a 25-percent reduction must be made in the no-fault cost savings.

Second. Although S. 354 intends to subtract out $2,500 from serious litigated settlements which is a major source of no-fault savings, it seems reasonable that a jury would raise the settlement by that amount in the interests of justice and to insure that their settlement was paid. Since litigated damages in serious tort cases now average approximately $25,000, we require an additional adjustment of 10 percent.

Third. Since S. 354 will lump commercial vehicles with private vehicles, private vehicles will experience an increase in premiums—not accounted for by Milliman-Robertson—of at least 12.5 percent over tort. This figure is based on the fact that the commercial premiums under no-fault will fall from 20 to 10 percent of the total so that private premiums will rise by 10/80 or 12.5 percent.

Fourth. Since the brand of no-fault contemplated by S. 354 would subtract out payments received from social security, workmen's compensation, and State disability, the total amount going to an injured person will fall as compared to tort. This is clearly a false savings since it involves a lessening in the amount received by the victim. This false savings has been estimated to total between 15 to 30 percent.[1] For purposes of adjustment, I will take the more conservative figure of 15 percent.

Mr. President. This, by no means, exhausts the flaws of Milliman-Robertson but these adjustments are all quite obvious and indisputable. Let us now reconstitute table I with these adjustments of some 62.5 percent (25+10+12.5+15). Moreover, for simplicity's sake, let us concentrate on column 1, the most likely structure, and column 4, the structure most favorable to S. 354.

I ask unanimous consent that this table be printed in the RECORD.

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

TABLE II.—S. 354 ADJUSTED COSTS UNDER BENEFIT AND THRESHOLD VARIATIONS—CHANGE IN AVERAGE TOTAL AUTO PREMIUM

	(1) High benefit level, tight threshold		(4) Low benefit level, tight threshold	
	Original[1]	Adjusted[2]	Original	Adjusted[2]
Alabama	−5	−2	−9	−4
Alaska	0	+1	−4	−2
Arizona	−4	−2	−9	−4
Arkansas	−4	−2	−8	−3
California	−9	−4	−13	−5
Colorado	0	+1	−4	−2
Connecticut	−7	−3	−10	−4
Delaware	0	+1	−4	−2
District of Columbia	−6	−2	−8	−3
Florida	−5	−2	−10	−4
Georgia	−2	−1	−6	−2
Hawaii	−8	−3	−12	−3
Idaho	0	+1	−5	−2
Illinois	−3	−1	−7	−3
Indiana	0	+1	−5	−2
Iowa	0	+1	−5	−2
Kansas	−1	0	−6	−2
Kentucky	−1	0	−5	−2
Louisiana	−8	−2	−10	−4
Maine	+2	+3	−3	−1
Maryland	−1	0	−5	−2
Massachusetts	−8	−3	−12	−5
Michigan	+2	+3	−2	−1
Minnesota	−2	−1	−7	−3
Mississippi	−4	−2	−8	−3
Missouri	−5	−2	−8	−4
Montana	+1	+2	−4	−2
Nebraska	+2	+3	−3	−1
Nevada	−5	−2	−8	−3
New Hampshire	−1	0	−6	−2
New Jersey	−11	−5	−14	−6
New Mexico	−2	−1	−7	−3
New York	−6	−2	−11	−4
North Carolina	+2	+3	−4	−2
North Dakota	+4	+6	−2	−1
Ohio	−3	−1	−7	−3
Oklahoma	−3	−1	−7	−3
Oregon	0	+1	−5	−2
Pennsylvania	−5	−2	−8	−3
Rhode Island	−4	−2	−9	−4
South Carolina	+4	+6	−1	0
South Dakota	+1	+2	−4	−2
Tennessee	−4	−2	−8	−3
Texas	−5	−2	−8	−3
Utah	−3	−1	−7	−3
Vermont	+3	+5	−2	−1
Virginia	+3	+5	−2	−1
Washington	−2	−1	−7	−3
West Virginia	−4	−2	−8	−3
Wisconsin	+2	+3	−4	−2
Wyoming	+1	+2	−2	−1

[1] Original premium estimate savings by Milliman-Robertson.
[2] Adjusted premium savings (−62.5 percent) based on text analysis rounded to nearest integer.

[1] See Wells, Herbert R., Testimony before Senate Judiciary Committee, January 24, 1974.

Mr. HRUSKA. Examining the adjusted no-fault, under its most likely structure it indicates that 22 States will experience either an increase or no change in premiums, an additional 7 States will experience no more than a 1-percent decline with 14 experiencing no more than a 2-percent decline. In short, for 43 of the 50 States the benefits from no-fault are highly unlikely and probably nonexistent. In fact, given my earlier comments, these minute decreases will probably be substantial increases.

Mr. President, this ends my direct refutation of the false savings promised by S. 354 as based on the Milliman-Robertson study. However, I feel there are several other key cost-related issues that should be discussed at this time as they cast even more serious doubt on the validity of the Milliman-Robertson projections. These may be summarized as follows:

First. Milliman-Robertson admit candidly that more premiums will be paid out, but intend to spread this cost over more drivers since S. 354 mandates that all drivers carry no-fault. This implicitly assumes that uninsured drivers are no more cost producing than current insured drivers. This is clearly fallacious. Uninsured motorists often drive poorer quality vehicles under less safe conditions than current insurees which is one reason they are uninsured. Thus, when they are included, they will have more than proportionate impact on costs increase. Consequently, this is yet another key factor that unduly biases downward the cost estimates for no-fault under S. 354.

Second. Milliman-Robertson further assume—by use of tort data—that general driving habits will not change. This appears highly unlikely since all evidence indicates that consumers are quite sensitive to the lower premiums awarded to them for safe driving. It seems reasonable that when this cost incentive is removed, driving patterns will deteriorate.

Third. The probability of fraudulent small claims would seem to be greatly expanded under no-fault. Many accidents that are nonauto related will be compensated under no-fault. Until the advent of no-fault the burden of proving that an injury was caused by an automobile accident has always been upon the victim or party presenting the claim. The defendant, the person at fault, has always provided third party verification of the loss. Under no-fault, the allegation of a loss will satisfy the burden of proof. The 18-percent penalty payment

for delay or refusal to pay will discourage investigations for purposes of verification.

In summary, the Milliman-Robertson analysis offers no sound basis for projections of cost savings because—

It is based on tort rather than no-fault data even though no fault will not even closely resemble tort in its impact on cost or premium structure, thus eliminating any confidence in its estimates;

The only two no-fault States for which we have sufficient no-fault empirical data, Florida and Massachusetts, yielded a 33-percent difference in their actual versus the projected Milliman-Robertson results:

When the most likely structure of Milliman-Robertson is corrected for some of its most obvious errors of double counting and false savings, 43 of the 50 States experience virtually no cost or premium savings. This result, when combined with factors (1) and (2) casts serious doubt on whether any State can be projected to experience savings based on Millman-Robertson.

By assuming that, first, current uninsured drivers are no more cost producing than current insured drivers; second, that driving habits will not change under no-fault; and third, that fraud will not increase even with a monitor removed; Milliman-Robertson further bias their results.

The proponents of no-fault refuse to admit that S. 354 holds potential for increasing automobile insurance costs. Current data can provide no indicia of the scope of the potential increase.

Mr. President, these are sound reasons for rejecting the subject bill.

Mr. President, in order to complete the record on S. 354, I also offer for inclusion at this point in the RECORD the following additional documents:

One. Excerpts from the minority views of the Judiciary Committee's report on S. 354 relating to the constitutional issue;

Second. A staff memorandum setting forth the methodology utilized in the preparation of certain cost charts contained in the minority appendices of the report issued by the Committee on the Judiciary; and

Third. Excerpts from the minority appendices of the report of the Committee on the Judiciary accompanied by explanatory notes.

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

EXHIBIT 1

EXCERPTS FROM THE REPORT OF THE COMMITTEE ON THE JUDICIARY ON S. 354 (No. 93-757)

THE CONSTITUTIONAL ISSUES

General

S. 354 represents a novel attempt to employ the States as agents of the Federal government. It would interject the authority of the Federal government in an area that has traditionally been a matter of legislative and regulatory concern at the State level—the automobile accident reparations system. Yet, while supplanting the power of the States to fashion a system designed to meet the needs of its respective citizens, S. 354 would nevertheless compel the States to create and utilize its own instrumentalities, officials and facilities to implement and administer the pervasive and far-reaching Federal program contemplated by the bill.

This novel approach works in the following manner. As a first step, the bill would preempt any provision of any State law, statutory or constitutional, which would prevent the establishment or administration in any State of a no-fault plan for motor vehicle insurance under standards set forth in title I. Each State could, in accordance with title II, establish a no-fault plan which meets or exceeds the Federal standards at any time prior to the completion of the first general session of the State legislature that convenes after the bill is enacted. If a State does not choose to enact a no-fault plan in accordance with title II, an alternative Federal no-fault plan, title III of the bill, would automatically go into effect in that State nine months later. In either case, the State would be compelled to administer, operate, supervise, and tax the no-fault plan, whether it voluntarily adopts its own plan under title II or has the Federal plan imposed upon it by title III. Thus, all activities—regulation of insurance, setting of rates, taxing, management of motor vehicle registration, investigation of claims, and litigation procedures—would be required to be performed by State agencies and officials utilizing State facilities and mechanisms subject to the approval and supervision of the Secretary of Transportation.[12]

In short, under S. 354, States must either conform their accident and insurance laws to the standards of title II, or the standards of title III become binding on them. In either event, State agencies would be compelled to administer federally-established requirements, and in addition, State governments could be required by these provisions, as well as those in title I, to legislate in response to Federal directions.

Such a scheme raises two constitutional issues. The first is whether Congress has the power to authorize State officials, legislative and administrative, to implement a nationally-designed plan notwithstanding any contrary provisions in State constitutions, *provided* each State *voluntarily* chose to follow the national plan. The second question is whether Congress has the power to *compel* the States to administer a Federal law even if those States are not willing to adopt such a no-fault plan. This question arises out of title III would unilaterally and automatically impose a no-fault plan on the recalcitrant States, and thereafter compel them to administer the federal plan.

We are persuaded that the answer to the first question, on a purely legal basis, is in the affirmative.[13] A study of the second question, however, leads us to conclude that it is doubtful that the Congress possesses the power to force unwilling States to take any affirmative action in administering a federally-imposed no-fault plan.[14]

Required State action

As a prelude to examining these constitutional issues, it is necessary to consider the various ways in which S. 354 commands State action. The following provisions of the subject bill would require affirmative State action in order to meet the Federal standards, whether or not the State voluntarily adopted a plan that met or exceeded the requirements of title II or had a title III plan imposed upon it:

Section 104 requires each State in which a no-fault plan in accordance with either title II or title III of the Act is in effect, to ensure that every owner of a motor vehicle provides continuous security (ordinarily by insurance) with respect to that motor vehicle so long as it is either registered or present in that State.

Section 105 deals with the availability of insurance, and requires a State to form and administer an assigned risk plan. Under subsection (a)(1) of this section, the State Insurance Commissioner "* * * shall establish and implement or approve and supervise a plan." Subsection (a)(2) requires that the plan to be established "* * * shall make available * * * [coverages] which the Commissioner determines are reasonably needed."

Section 105(a)(4) provides the insurers may consult and agree as to operation and rates under the plan, "* * * subject to the supervision and approval of the Commissioner", and rates shall "* * * first be adopted or approved by the Commissioner," and shall be nondiscriminatory "* * * pursuant to regulations established by the Commissioner."

Section 105(a)(5) requires the plan to give favorable rates "* * * as determined by the State * * * [to] * * * economically disadvantaged individuals * * * [which shall be] * * * subject to the supervision and approval of the Commissioner."

Section 105(a)(6) purports to make a broad grant of power to the State Insurance Commissioner. It provides that in order "* * * to carry out the objectives of this subsection, the Commissioner may adopt rules, make orders, enter into agreements with other governmental and private entities and individuals and form and operate or authorize the information of bureaus and other legal entities."

Section 108 could require the State to create an agency to administer an assigned claims plan and to establish an assigned claims fund in certain circumstances. Under this section, any victim or deceased victim's survivor may obtain basic restoration benefits through the assigned claims plan established in the victim's State of domicile. Subsection (b)(1) authorizes insurers to organize an assigned claims bureau, plan and rules "* * * subject to approval and regulation by the Commissioner." If, however, the plan is not organized in a manner considered by the Commissioner to be in accordance with the Federal Act and with State law, then the Insurance Commissioner is empowered and directed to "* * * organize and maintain an assigned claims bureau and an assigned claims plan." Because the language of the provision is mandatory ("he shall"), the assigned claims bureau in the State, as organized, must follow certain specific requirements of the Federal Act even though the State might wish to solve the problem by other means.

Section 109 authorizes and requires the State Commissioner of Insurance to regulate the insurance companies which provide insurance protection in his State. It also compels the Commissioner to "* * * establish and maintain a program for the regular and periodic evaluation of medical and vocational rehabilitation services." He "* * * shall establish and maintain * * * the program * * * to assure that * * * the services meet the definitions of the Federal Act, * * * to assure that * * * the services are necessary and the recipient is making progress, and * * * to assure that * * * the charges are reasonable." Under subsection (c), progress reports on rehabilitation must be submitted by the supervising physician to the State vocational rehabilitation agency, and "* * * the State vocational rehabilitation agency shall file reports with the applicable restoration obligor." Further, "* * * there shall be provisions for determinations * * * to be made of rehabilitation goals and needs and for periodic assessments of progress."

Section 111(d), like Section 108, compels the State to create an agency if none is in existence. It provides that a restoration obligor shall promptly refer each victim to whom basic restoration benefits are expected to be payable for more than two months "* * * to the State vocational rehabilitation agency." Thus, if the State does not have such an agency, it is under Federal compulsion to create one.

Footnotes at end of article.

Section 201(d) provides that "* * * the Commissioner in each State shall submit to the Secretary [of Transportation] periodically, all relevant information which is requested by the Secretary * * * so that the Secretary may * * * evaluate the success of such [no fault] plan in terms of the policy of the Act."

Section 211(a)(2) provides that any automobile liability policy will automatically be deemed to include no-fault benefits in the State of issue unless "* * * the Commissioner determines by regulation that the liability coverage is only incidental to that policy."

Section 211(b) provides that all the terms and conditions of any policy issued pursuant to either a State title II enactment or the title III federal enactment, "* * * are subject to approval and regulation by the Commissioner in such State". "The Commissioner shall approve only terms and conditions which are consistent with the purposes of the Act and are fair and equitable to all persons who may be affected."

Scope of Federal authority

Because the business of insurance is deemed interstate commerce, Congress clearly has the power, under the Commerce Clause of the Constitution, to enact a national automobile accident compensation system subject to direct Federal regulation. In *United States* v. *South-Eastern Underwriters Association,*[15] the Supreme Court declared insurance to be a matter of interstate commerce and therefore not capable of being regulated by the States. Subsequently, Congress in the McCarran-Ferguson Act of 1945 (59 Stat. 33) delegated back to the States the primary responsibility for supervision of insurance. Congress, however, retained the ultimate authority to legislate on insurance matters and it is this authority that would be the basis for any Federal regulation of insurance. Moreover, by virtue of the Supremacy Clause, no State law, constitutional or statutory, could thwart the exercise of this power to institute direct Federal regulation of automobile accident compensation.

Since 1968, Congress has invoked this power to regulate the form and content of insurance policies. Examples include the Flood Insurance Act of 1968,[16] the National Insurance Development Program for riot insurance,[17] and the more recent Crime Insurance Program.[18]

It is also clear that Congress has the power to enact an automobile accident reparations system which would encourage States to adopt voluntarily—not by coercion—a Federally-designed, no-fault insurance plan. Congress frequently has established national minimum standards and has encouraged States to adopt conforming legislation either by conditioning grants-in-aid[19] on satisfactory State action or by imposing direct Federal regulation as an alternative in any State which fails to adopt legislation satisfying the Federal standard.[20]

This approach, *viz,* encouraging States to adopt legislation conforming to Federal standards, has been sustained in *Steward Machine Co.* v. *Davis,* 301 U.S. 548 (1936). In that case, the Supreme Court upheld the constitutionality of title IX of the Social Security Act which imposed a 90 percent credit for payments to a State unemployment compensation fund, provided that the State unemployment compensation law satisfied certain criteria. An Alabama corporate employer challenged title IX, claiming, *inter alia,* that under the Tenth Amendment "* * * the tax and the credit in combination are weapons of coercion, destroying or impairing the autonomy of the states."[21] Justice Cardozo, speaking for the Court, rejected this argument by noting that Alabama, pursuant to title IX, had of its own volition enacted a statute complying with Federal standards:

"Who then is coerced through the operation of the statute? Not the taxpayer. He pays on fulfillment of the mandate of the local legislature. Not the state. Even now she [Alabama] does not offer a suggestion that in passing the unemployment law she was affected by duress. . . . For all that appears, she is satisfied with her choice, and would be sorely disappointed if it were now to be annulled.

"We cannot say that she was acting not of her unfettered will, but under the strain of a persuasion equivalent to undue influence, when she chose to have relief administered under laws of her own making, by agents of her own selection, instead of under federal laws, administered by federal officers, with all the ensuing evils, at least to many minds, of federal patronage and power."[22]

It is important to note that in both the oral argument and in the Opinion of the Court, the point was emphatically stressed that the Social Security Law did not coerce the State to adopt the legislation. A vital distinction was made in the Opinion between federal "inducement" of the States and outright "coercion."[23] In oral argument, Assistant Attorney General Jackson, later Supreme Court Justice, pointed out that ". . . there is no compulsion upon the State to adopt any kind of legislation whatever."[24] Thus, to the extent that S. 354 encourages, but does not coerce, States to enact a Federally-designed, no-fault automobile insurance plan under title II, we believe that it rests on firm constitutional ground.

A further question exists, however, where a State, although willing to adopt a plan under title II, has a constitutional provision prohibiting it from enacting such a plan. Testimony presented before the Committee[25] reveals that five States (Arizona, Arkansas, Kentucky, Pennsylvania and Wyoming) have specific provisions in their Constitutions prohibiting the limitation of the amount to be recovered for injury resulting in death or injuries to persons or property. In four States (Ohio, New York, Oklahoma and Utah) there is a similar Constitutional provision applicable only to injuries resulting in death. Finally, in one State (Connecticut) there is Constitutional language which creates a doubt whether the legislature could enact legislation limiting the right to recover for injuries.

However, as several witnesses have testified, to the extent that any provision of a State Constitution is in conflict with S. 354, it would be rendered invalid by the Supremacy Clause (Article VI, Clause 2) upon the enactment of S. 354. That Clause provides that:

"This Constitution, and the Laws of the United States which shall be made in pursuance thereof; * * * shall be the supreme law of the land; and the Judges in every State shall be bound thereby, and any thing in the Constitution or Laws of any State to the contrary notwithstanding."

S. 354 makes in unmistakably clear that it preempts the field of automobile accident reparations to the extent that State Constitutional or statutory provisions would conflict with or hinder the Federal policies embodied in that bill. Accordingly, any State Constitutional provisions prohibiting enactment of a no-fault plan pursuant to title II would be rendered void, removing any legal impediments facing a State desiring to enact such a plan.

In sum, S. 354 would exercise the power of Congress to preempt any provision of any State Constitution or statute that would otherwise frustrate a State's attempt to enact a no-fault insurance plan in accordance with title II of the bill. We turn then to consider whether Congress has the power to force States who are unwilling to enact such a plan, but who nevertheless would be subjected to the imposition of a no-fault plan under title II and to take affirmative action in implementing and administering the Federal no-fault insurance plan.

Limitation on Federal authority

As indicated earlier herein, S. 354 contemplates that a State would be compelled to act as an agent of the Federal government in implementing and administering the no-fault insurance plan imposed on it by title III even if the State consciously chose not to adopt such a plan. Affirmative State action would be required on two levels. First, the State would be forced to devote existing State agencies, officials and facilities to regulate and operate the title III plan in accordance with sections 103 through 111 and section 114 of title I, sections 201(d), 203, 204(e), 204(f), 205, 208, 210 and 211 of title II, and sections 302, 303 and 304 of title III. Secondly, if no agencies existed in the State to discharge these duties, the State would be required, presumably by legislation, to create and staff them.

The suggestion that a State may not adopt a title II plan so that a more restrictive Federal plan under title III would become applicable in the State is not chimerical.[26] Several State Attorneys General testified before the Committee that S. 354 not only may be unconstitutional but also represents an inadequate resolution of conflicting policies and interests.[27] If their views are representative of those held by their respective State legislators, it is quite likely that a State would choose not to adopt a title II plan but instead contest the constitutionality of the bill with respect to title III.

Thus, we are directly faced with this serious constitutional question: Does the Congress have the power to employ a regulatory scheme that compels the States to devote its agencies, personnel and facilities to administer a Federal law. It is our conclusion that this approach rests on tenuous constitutional footing. Indeed, such an approach could constitute so serious an invasion of State sovereignty protected by the Tenth Amendment that it is inconsistent with our constitutional Federalism.

Presumably, the power of Congress to employ the States in this manner is deemed by the proponents of S. 354 to be based on the "Necessary and Proper" Clause of the Constitution. The theory apparently is that because Congress has the power under the Commerce Clause to legislate the end, *viz,* the adoption of no-fault automobile insurance, it has the power under the "Necessary and Proper" Clause to legislate the means to secure this end. However, where the commerce power is exercised in such a way as to seriously tamper with State sovereignty, its exercise contravenes the constitutional principles of Federalism. As Chief Justice Stone said in *New York* v. *United States,*[28] the Federal government may not "* * * interfere unduly with the State's performance of its sovereign functions of government."

The constitutional immunity of certain State instrumentalities from Federal taxation illustrates the point that a power of Congress can be restricted by the principle of Federalism. Like the Commerce Clause, the clause conferring on the Congress the power to tax[29] appears to be without limitation, so long as all duties, imports and excises are uniform throughout the United States. However, the Supreme Court has recognized that the constitutional scheme of Federalism imposes limits on the power of the Federal government to tax the States.[30] Recognizing that the power to tax is the power to destroy,[31] the Court will not permit the Federal government to utilize the taxing power to emasculate State sovereignty.[32] Similarly, the exercise of the commerce power in such a way as to tamper seriously with

Footnotes at end of article.

State sovereignty would be subject to limitation by virtue of the concept of Federalism as manifested in the Tenth Amendment.

There is, of course, substantial precedent for the proposition that Congress, in the exercise of the power constitutionally granted to it may, to a certain extent, regulate the conduct of States just as it may regulate the conduct of citizens of the States. For example, the Supreme Court has upheld the power of Congress to impose price and wage controls on States [33] and to apply the Federal Safety Appliance Act to a State in its capacity as a railway operator.[34] These are cases, however, where the exercise of Congressional power has fallen on activities of the States that parallel that of its citizens—*viz.*, commercial, proprietary or employment activities.[35] And the Federal regulation was not so pervasive or comprehensive that it threatened the States' ability to control or direct the activities of its own agencies and officials, as S. 354 contemplates. In short, these cases do not support the authority of the Federal government that S. 354 purports to invoke to control the exercise by the States of their sovereign or police powers.[36]

The limit on the power of Congress under the Commerce Clause to control sovereign State acti n that the constitutional principle of Federalism imposes was discussed by Justice Frankfurter in the opinion of the Court in *Polish Alliance* v. *NLRB* as follows:

"The process of adjusting the interacting areas of national and state authority over commerce has been reflected in hundreds of cases from the very beginning of our history.

"The interpenetrations of modern society have not wiped out state lines. It is not for us to make inroads upon our federal system either by indifference to its maintenance or excessive regard for the unifying forces of modern technology. Scholastic reasoning may prove that no activity is isolated within the boundaries of a single State, but that cannot justify absorption of legislative power by the United States over every activity." [37]

The delicacy of Federal-State relations in our constitutional system and the difficult task of adjusting those relations was also discussed by Justice Douglas in his dissenting opinion in *Maryland* v. *Wirtz*,[38] in which the Supreme Court, as noted above, upheld the application of the Fair Labor Standards Act to State employees. In the course of his opinion, the Justice made an argument to illustrate the consequences that could result if the concept of Federalism did not impose limits on the power of Congress:

"If constitutional principles of federalism raise no limits to the commerce power where regulation of state activities are concerned, could Congress compel the States to build superhighways crisscrossing their territory in order to accommodate interstate vehicles, to provide inns and eating places for interstate travelers, to quadruple their police forces in order to prevent commerce-crippling riots, etc.? Could the Congress virtually draw up each State's budget to avoid "disruptive effect[s] * * * on commercial intercourse?" [Citation omitted.]

"If all this can be done, then the National Government could devour the essentials of state sovereignty, though that sovereignty is attested by the Tenth Amendment." [39]

The similarity between the examples paraded by Justice Douglas as "horribles" and the scheme proposed by S. 354 is striking. The trepidations the Justice expressed in *Maryland* v. *Wirtz* could come to fruition by this bill which, while not compelling "* * * the States to build superhighways to accommodate interstate vehicles * * *", compels the States to staff, administer and manage a no-fault insurance plan to accommodate travelers on highways. It should also be noted that the fears expressed by Justice Douglas were shared by the majority in the *Wirtz* case which disagreed that the application of FLSA impaired the State's functions of government but nonetheless noted that "* * * the Court has ample power to prevent * * * undue interference with the State as a sovereign political entity." [40]

Extended to its logical conclusion, the approach proposed by S. 354 could emasculate State governments. If the Federal government could enact elaborate plans and then compel the States to devote their personnel and facilities to implementing and administering the plans subject to Federal supervision and direction, it could, to use the words of Chief Justice Stone, "* * * interfere unduly with the State's performance of its sovereign functions of government," [41] and thwart the very "Republican Form of Government" which the Congress is entrusted to guarantee to the States by Article IV, Section 4. In short, such an approach could relegate the states to a mere servile status. Instead of a partner relationship between the States and the national government, as contemplated by Federalism, the relationship would be more akin to that of master and servant. We believe that the line should be drawn to prevent a long step in this direction.

This conclusion is not affected by the fact that Congress, as noted above, has frequently established national minimum standards and has encouraged States to adopt conforming legislation by conditioning grants-in-aid on satisfactory State action. Neither is it affected by the fact that the Federal government could impose direct operational control in any State which failed to adopt legislation satisfying the Federal standards. Neither of these approaches can serve as a precedent for the approach adopted by S. 354 which would order or mandate, not merely encourage, the exercise of State governmental power.

In the case of grants-in-aid, the State can voluntarily decline to take measures conforming to Federal standards. It is not coerced to take such measures. As noted above, the Supreme Court in Steward Machine Co.[42] stressed the vital distinction between Federal "inducement" or "encouragement" of the States and outright coercion. S. 354, however, does not respect this distinction. In contrast to a grant-in-aid, S. 354 would automatically impose title III—along with the attendant detailed requirements on State officials, outlined above—on any State which fails to enact legislation satisfactory to the Secretary of Transportation within a specific time period. Accordingly, the proposed legislation is inconsistent with the principle underlying grants-in-aid.

Nor can those statutes which impose direct federal regulation as an alternative in any State which fails to adopt legislation or to take administrative measures satisfying the federal standards, serve as a precedent. For here, the Federal law displaces State law and the Federal government itself takes over the basic task of administering the Federal program. It does not coerce the states to take legislative or administrative action.[43]

The Report of the Commerce Committee cites only one case—parenthetically and without discussion—in support of the imposition of the duties outlined above.[44] That case is *Testa* v. *Katt*, 330 U.S. 386 (1947), which held that the Rhode Island courts were obligated to enforce claims under federal law. *Testa* does not support S. 354, however, for two reasons.

First, the principle of *Testa* v. *Katt* is applicable only where the States have agencies and personnel adequate and appropriate to undertake the duties imposed. The Supreme Court noted in *Testa* that the Rhode Island courts had jurisdiction "* * * adequate and appropriate under established local law to adjudicate this action. *Under these circumstances, the state courts are not free to refuse enforcement.*" [45]

In accordance with this distinction one witness observed:

"In states that have not opened their courts to remedies such as those contemplated in S. 354, there is no 'adequate and appropriate' jurisdiction and, at least arguably, no corresponding duty to enforce federal law. This conclusion is underscored by a concurring opinion of Justice Frankfurter in *Brown* v. *Gerdes*, 321 U.S. 178 (1944), discussing the limits on federal coercion of state courts, even to enforce a federal claim. He said: 'Neither Congress nor the British Parliament nor the Vermont Legislature has power to confer jurisdiction upon New York courts.' 321 U.S. at 188." [46]

Moreover, there is little doubt that considering the scheme established in S. 354 as a whole, a State Insurance Commissioner would need considerable authority to administer the law. S. 354 purports to grant this authority to the State Insurance Commissioner. However, as the opinion of Justice Frankfurter in *Brown* v. *Gerdes* quoted immediately above makes clear, Congress does not have the power to impose grants of authority upon officials of another sovereign. Aside from grants of power to State agencies, some of which may have to be created, it also appears that various portions of S. 354, particularly Section 104, would require State legislative action to enact laws implementing the regulation. Thus, it is quite clear that the States do not have "adequate and appropriate" means now existing to administer the law. Accordingly, contrary to the implication in the Commerce Committee Report, *Testa* v. *Katt* does not support S. 354.

Second, it is one thing to obligate the State courts to enforce Federal law as they enforce State law but another to subjugate State legislatures and administrative agencies to Federal authority. The State courts have long exercised concurrent jurisdiction with the Federal courts. But, S. 354 does not impose a mere requirement that the States enforce Federal law. Rather, by mandating affirmative action by both State legislatures and administrative bodies in an area that has traditionally been within the province of the police powers of the State to promote the welfare of its citizens, the bill strikes at the sovereignty of the States. Unlike a requirement that State courts hear cases involving Federal law which at the most imposes an extra workload on the courts, S. 354 would displace the power of the States to take measures it deems necessary for the public welfare.

In sum, the power of Congress to impose pervasive and comprehensive duties upon a sovereign state, the discharge of which are mandatory, is a startling innovation not supported by any authorities known to us. Under S. 354, the States would become subject to interference and control, both in the functions which they exercise and the methods which they employ.

Few more powerful instruments for the centralization of government could be devised. Under S. 354 the ability of the national government to threaten, indeed emasculate, the autonomy of the States is at once apparent.

CURES THAT CAN WORSEN THE ILL

A State's refusal either to adopt legislation under title II or to administer a title III plan could deny claimants of benefits, or at a minimum, create a confused and uncertain legal situation in which large scale inequities would result.[47] An even more difficult situation would arise if S. 354 were held unconstitutional.

As stated earlier herein, the fear that a state would refuse to comply with either titles II or III is not chimerical in view of the bill's tenuous constitutional footing, be-

Footnotes at end of article.

cause of antagonism toward either the plan itself or the method by which it is imposed, or because a State may not desire to appropriate funds in order to create agencies required by S. 354.

Hazardous potential

The consequences that could flow from a State's refusal to implement a title III plan, or any part thereof, would be grave indeed, jeopardizing both traditional tort remedies and no-fault benefits.

First, insurers might not be able to offer coverage in a State. Under sections 109(a) and 211(b) of S. 354. terms and conditions of an insurance contract and the rates charged for the contract must be approved by the State Insurance Commissioner. Thus, if the State Commissioner refused to approve the contract and rates, it is quite likely that the insurer could not lawfully offer the basic reparation insurance. This fact, taken together with section 302 of title III which would abrogate any tort remedies, would leave the automobile accident victim without any means of reparation.

Second, those injured in an automobile accident might be unable to obtain benefits from an assigned claim fund if otherwise unable to obtain reparations from basic restoration insurance. Under section 108, an "assigned claim plan" can *only* operate through an "assigned claims bureau" either "approved" or "organized and maintained" by the State Commissioner. Thus, unless the State creates such a bureau and the legislature appropriates funds for it, or unless it approves assigned claims funds established by the insurance companies, there could be no "assigned claims plan."

Third, an automobile accident victim's right to benefits for a basic item of allowable expense covering medical and vocational rehabilitation services may be jeopardized. Section 103(16) relieves an insurer from the obligation to pay these expenses "unless the facility in which or through which such services are provided has been accredited by the department of health, the equivalent government agency responsible for health programs, or the accrediting designee of such department or agency of the State in which such services are provided, as being in accordance with applicable requirements and regulations."

If a state does not provide for such accreditation, the medical and vocational rehabilitation services for which reimbursement is sought could not be evaluated and therefore, under the terms of the section are not recoverable.[48]

Inadequate remedy

Although the matter is not free from doubt, mandamus may lie against the state officials or legislature, if necessary, to force compliance with the federal standards.[49] However, this procedure could raise more problems than it would solve.

It would raise the spectre of the federal government forcing State legislators[50] and State administrators to implement and administer a Federal law. The Supreme Court has often spoken of "' * * * the special delicacy of the adjustment to be preserved between federal equitable power and state administration of its own law."[51] The bludgeon of a writ of mandamus, if used indiscriminately, could shatter this delicacy. Any approach that would contribute to a confrontation between the States and the national government should be avoided if for that reason alone. S. 354, because it could set the stage for a play of brinkmanship between the federal and state governments, is therefore extremely ill-advised.

THE INTERESTS OF FEDERALISM

In a recent case, Justice Black described Federalism as requiring:

"* * * a proper respect for state functions, a recognition of the fact that the entire country is made up of a Union of separate state governments, and a continuance of the belief that the National Government will fare best if the States and their institutions are left free to perform their separate functions in their separate ways."[52]

S. 354 would forsake this belief.

For this reason, the Committee believes that S. 354 is not only of doubtful constitutionality, but also of doubtful wisdom. In the view of this Committee, S. 354 constitutes another attempt to rectify perceived problems by encroaching on the powers and prerogatives of the States. By foisting a purported federal "solution" on the States, the bill would arrogate to the Federal government another incident of power that has traditionally been retained by the States. Aside from the strong grounds for questioning the bill's constitutionality, S. 354 would thwart efforts to take advantage of the values derived from a Federal system. In the words of one of the witnesses:

"In light of the entire statutory scheme, [employing State officials to perform their duties according to a federal mandate], the net effect of S. 354 could be to impair the essence of statehood under our Constitution If it is enacted, there is reason to believe that the Congress will have "overlept the bounds of power," *Steward Machine Co.* v. *Davis*, 3d U.S. 548, 587 (1937), and intruded on state autonomy in a manner not contemplated by our basic charter.[53]

We realize that it is tempting to impose a uniform standard. But uniformity can never be the ultimate touchstone, lest the values of federalism be lost. Respect for federalism requires respect for State policy in balancing the interests of its citizens, and requires a tolerance of different approaches.[54]

The virtue of experimentation that is endemic to the Federal system is particularly compelling here where changes are sought in a complex area which involves a number of ancillary societal issues and difficult problems of definition. We believe that it is wise to heed the counsel of Justice Brandeis and to permit the various states to serve as "laboratories" in order to "* * * try novel social and economic experiments without risk to the rest of the country."[55] Surely, if a State is successful in devising a workable formula for no-fault insurance, the other States will follow suit.

Indeed, it appears that the states are moving, each in its own way, to deal with the problems presented by the automobile accident reparations system. Massachusetts was the first state to enact a no-fault law. It became effective on January 1, 1971. Already, just three years later, 20 states have enacted a version of no-fault, and the overall "no-fault population" is more than 42 percent.[56] Moreover, as the Commerce Committee Report notes, the Commissioners of the National Conference on Uniform State Laws have just recently (August, 1972) voted final approval of a uniform Act for no-fault motor vehicle insurance.[57] Thus, there appears to be a good chance that the States will adequately deal with this problem in the near future. Given the apparent constitutional infirmity of S. 354 and the values in permitting the States to deal with this problem as they have dealt with the insurance area generally, avenues other than federal coercion should be employed. The McCarran-Ferguson Act, which is reflective of the sound values derived from permitting the States to deal in this area, should not be disturbed.

FOOTNOTES

[12] See S. Rept. No. 93-382, at p. 2.

[13] In support of this point, see *Hearings*, Statements of Erwin Griswold and Thomas Matthews.

[14] A number of witnesses testified that the employment of a regulatory technique that compels, rather than merely permits, the States to administer a Federal law could be unconstitutional. *Hearings*, Statements by Norman Dorsen, Professor, New York University School of Law; Dr. Mitchell Wendell, former Counsel to the Council of State Governments; Thomas C. Matthews of Wald, Harkrader and Ross, Washington, D.C.; Attorneys General John L. Hill of Texas and Andrew P. Miller of Virginia; Chesterfield Smith, President, American Bar Association; Leonard Ring, American Trial Lawyers Association; and Rudolph Janata, President, Defense Research Institute.

[15] 322 U.S. 533 (1944). The case is based upon Congressional authority pursuant to Art. I, Sec. 8, Cl. 3 of the Constitution.

[16] 42 U.S.C. ch. 50.

[17] 12 U.S.C. ch. 13, subch. IX-C.

[18] 12 U.S.C. ch. 13, subch. IX-C, Pt. C.

[19] See, e.g., 23 U.S.C. ch. 1 (Federal Aid for Highways); 42 U.S.C. §§ 601-604 (Aid to Families with Dependent Children).

[20] See, e.g., 1970 Amendments to the Clean Air Act, 42 U.S.C. ch. 15B; Wholesome Poultry Products Act, 21 U.S.C. ch. 10.

[21] 301 U.S. at 586.

[22] 301 U.S. at 589-90.

[23] See 301 U.S. at 590-97. See also *Hearings*, Statement of Norman Dorsen, Professor, New York University School of Law.

[24] 310 U.S. at 565.

[25] See *Hearings*, Statement of Edwin Griswold.

[26] In testimony before this Committee, Professor Norman Dorsen explained how the title III plan is more severe, and questioned whether this aspect of the bill is invalid in itself:

"On the crucial issue of the availability of tort liability section 206(a) of Title II (for states that voluntarily enact plans) abolishes all actions except for (1) unsecured vehicles, (2) persons designing, manufacturing, and servicing vehicles, (3) intentional injuries, (4) certain losses stemming from work loss under section 204(b)(2), replacement service loss exempted under section 204(c), and survivors' losses exempted under section 204(d), and (5) non-economic detriment in excess of $2,500 if an accident results in death, serious and permanent disfigurement or other injury, or more than six continuous months of total disability.

"By contrast, section 303(a), the comparable provision under the 'alternative state plan' of Title III permits tort actions only in the first three categories noted above. It therefore goes considerably further than section 206(a) in abolishing tort actions, and imposes a more restrictive law on states whose legislatures do not enact a non-fault statute."

[27] See *Hearings*, Statement of Andrew P. Miller, Attorney General, Commonwealth of Virginia.

[28] 326 U.S. 572 (1946).

[29] Article I, Section 8, Clause 1.

[30] See, e.g., *New York* v. *United States*, 326 U.S. 572 (1946).

[31] See *McCullough* v. *Maryland*, 4 Wheat. 316, 431 (1819).

[32] See *Metcalf & Eddy* v. *Mitchell*, 269 U.S. 514 (1925).

[33] *Maryland* v. *Wirtz*, 392 U.S. 183 (1968).

[34] *United States* v. *California*, 295 U.S. 175 (1935).

[35] To the same effect see *Parden* v. *Terminal Railway of the Alabama State Docks Dept.*, 377 U.S. 184 (1964) (railroad owned by the State of Alabama).

[36] Nor do those cases which require State officials in carrying out existing State functions to conform to Federal constitutional requirements or to Federal regulations provide a basis for S. 354. *See Hotl* v. *Richardson*, 238 F. Supp. 468 (D. Haw. 1965), *aff'd. and remanded sub. nom.* Burns v. Richardson, 384 U.S. 73 (1966); *Maryland Committee for Fair Representation* v. *Tawes*, 377 U.S. 656 (1964); *Lucas* v. *44th General Assembly of the State of Colorado*, 377 U.S. 713 (1964) (reappor-

tionment cases). *See also, Sanitary District of Chicago* v. *United States*, 266 U.S. 405 (1925); *Board of Trustees of the University of Illinois* v. *United States*, 259 U.S. 48 (1933); *Petty* v. *Tennessee Missouri Bridge Comm'n.*, 359 U.S. 275 (1959). While the federal court in each of these cases required the State officials to conform their actions to the requirements of either the Constitution (e.g., the reapportionment cases) or federal statute, the actions of the officials involved programs or policies that were already in existence. S. 354 would, by contrast, require the *creation* of programs and policies. It would direct the States to establish new agencies, administered by State personnel and funded by the States in order to carry out a program created unilaterally by the Federal government. The distinction is between carrying out an existing State program consistent with the Federal law, constitutional and statutory, and creating State administrative agencies to administer purely Federal programs. *Cf. Testa* v. *Katt*, 330 U.S. 386, 394 (1947). If a State decides of its own volition to administer or regulate a certain matter, it must conform to the Constitution or to overriding Federal statutory policy. But, it is an entirely different matter to compel the States to administer a program created by the Federal government. The line is an easy one to draw. Because Federalism and the power of the States as sovereign bodies are at stake, the line should not be crossed for the reasons discussed *infra*. Moreover, this distinction is entirely apart from the difference in magnitude between the interference by the Federal government in State affairs presented by S 354 and the limited Federal authority invoked in the above cited cases. *See* text accompanying notes 33–40, *infra*.

[37] 322 U.S. 643 (1944), at 649–50.

[38] 392 U.S. 183 (1968).

[39] 392 U.S. at 204–205.

[40] 392 U.S. at 196.

[41] *New York* v. *United States, supra*, at 587.

[42] *Supra*, n. 16.

[43] Thus, statutes like the Clean Air Act of 1970, as amended, 42 U.S.C. § 1857 *et seq.*, do not constitute precedents for the approach adopted in S. 354. As one witness wrote the Committee, ". . . [u]nder that statute [the Clean Air Act of 1970], if a state fails to adopt an implementation plan conforming to the federal standards, the Federal administrator himself promulgates regulations. The Federal administrator may delegate much of his authority to a state, but there is nothing in the statute which would compel an unwilling state to accept that delegation. If a state fails to meet the Federal Clean Air Act standards, the alternative is not compulsion, judicial or otherwise, on state legislative or administrative officials. Instead, it is direct regulation, by an established Federal administrative apparatus." See *Hearings*, letter dated February 7, 1974, to Chairman Eastland from Thomas C. Mathhews, Jr. Dean Erwin Griswold in a letter to Senator Hruska dated February 15, 1974, while acknowledging that title III of S. 354 does not contain the back-up remedial provisions of the Clean Air Act, contended that such provisions "do not qualify the absolute character of the state's affirmative obligations under that statute" and suggested that a recalcitrant state could be mandamused to perform the obligations. A discussion of the inadequacy of the mandamus remedy is set out, *infra*.

[44] S. Rep. No. 93–382, p. 71.

[45] 330 U.S. at 394. (Emphasis added.)

[46] *Hearings*, Statements of Norman Dorsen, Professor, New York University. In *Douglas* v. *New Haven & Hartford R.R.*, 279 U.S. 377 (1928), the New York courts had dismissed an action under FELA brought by a Connecticut resident against a Connecticut corporation based upon an accident occurring in Connecticut. The New York statute permitted action by a non-resident against a foreign corporation but only in certain circumstances of which this was not one. The Supreme Court upheld the statute saying, "It may well be that if the Supreme Court of New York were given its discretion, *being otherwise competent*, it would be subject to a duty. But, there is nothing in the Act that purports to force a duty upon such Courts as against an otherwise valid excuse." (Emphasis added.) Thus, if a state court's jurisdiction does not extend to such a case for reasons other than that the source of the law is federal, the state court cannot be required to hear the case. See also, *Missouri ex. rel. Southern Ry.* v. *Mayfield*, 240 U.S.C. (1950)

[47] See *Hearings*, Statement of Thomas C. Matthews, Jr.

[48] For a discussion of other inequities that might result, see *Hearings*, Memorandum submitted on behalf of Insurance Company of North America.

[49] SS *Hearings*, Opinion on the Constitutionality of the National No-Fault Motor Vehicle Insurance Act by Erwin N. Griswold. *Contra*, see Letter dated February 7, 1947, to Chairman Eastland from Thomas C. Matthews.

[50] As noted above, state legislative action may be required to create certain agencies to administer the plan, to authorize officials to take certain measures and to appropriate funds to finance the administration.

[51] *O'Shea* v. *Littleton*, No. 72–953, decided Jan. 15. 1974, 42 U.S.L.W. 4139, 4143, quoting *Stefanelli* v. *Minard*, 342 U.S. 117, 120 (1951). See also *Younger* v. *Harris*, 401 U.S. 37 (1971).

[52] *Younger* v. *Harris*, 401 U.S. 37 44 (1971).

[53] Hearings, Statement of Norman Dorsen, Professor, New York University.

[54] Professor Hart has explained why a perfect uniformity of law in the United States would be unacceptable: "Common sense and the instinct for freedom alike can be counted upon to tell the American people never to put all their eggs of hope from governmental problem-solving in one governmental basket." Hart, "The Relations between Federal and State Law," 54 Colum. L. Re. 489, 540 (1954).

[55] *New State Ice Company* v. *Liebmann*, 285 U.S. 262, 311 (1932) (dissenting opinion).

[56] See *Journal of Commerce*, July 12, 1973.

[57] S. Rep. No. 93–382, p. 20.

STAFF MEMORANDUM MINORITY CHARTS: METHODOLOGY

The staff analysis of the cost implications of S. 354, reflected in appendices, C, D, and E of the minority report, is derived exclusively from the detailed numbers submitted to the Senate Committee on the Judiciary by the actuarial firm of Milliman and Robertson. The Milliman and Robertson report itself contains 153 appendices which tabulate cost projections in the 50 states and in the District of Columbia under 3 different sets of assumptions. It will be convenient to show the derivation of the figures in the staff analysis by reference to a specific Milliman and Robertson appendix for a specific state. Alabama is chosen as the exemplar state simply because it is the first state listed (alphabetically) in M&R appendices I, II, and III.

The basic assumptions made by M&R are contained in the body of their report. Alabama is considered to be a "standard" state. That is, Alabama does not have a state-funded temporary disability law which would furnish wage continuation benefits. California does have such a law, and the wage continuation benefits made available by independent state law are *deducted* from the benefits provided by S. 354. It is the massive deduction of wage loss claims which allows M&R to project substantial cost savings in California under S. 354, and accordingly California must be considered separately as a "non-standard state." There are only five states which have similar laws.

Milliman and Roberston also lists five states as having an unusually high "tort propensity", meaning that an unusually high percentage of citizens hire lawyers to process their claims, and file an unusually high percentage of lawsuits. In these states any no-fault plan which restricts tort rights will show an unusually large decrease in residual tort claims and average claim values. The Milliman and Robertson assumptions for all states are similar with respect to benefit levels. The schedule of benefits called "Low Benefit" is assumed to be the lowest benefit permissible as a minimum complying benefit under S. 354. Wage loss benefits are limited to a total of $15,000. The monthly limit is calculated on a base figure of $1,000 per month, which varies up or down in proportion to the ratio of state per capita income to national average per capita income. For Alabama, the formula produces a maximum monthly wage loss benefit of $744.

Replacement of services, under the "Low Benefit" plan, will be payable for a maximum of 1 year, on a daily basis, with a maximum based on $15 a day, variable by state.

Survivor's benefits under the "Low Benefit" plan may be limited to a maximum of $5,000. The average payment will vary in each state. The assumption for Alabama is that the average driver will receive $5,129; the average passenger will receive $4,583; and the average pedestrian will receive $3,959, with all figures including medical and funeral benefits payable.

Milliman and Robertson assume that S. 354 as presently drafted contains a "High Threshold." An injured person will be completely barred from any right to recover in tort for general damages, or "non-economic detriment" unless the injury results in death; in injury which is both permanent *and* serious; in disfigurement which is both permanent *and* serious; or results in *more than* six continuous months of total disability. There is no data base available which can state the percentage of victims who suffer more than six continuous months of total disability but do not sustain "serious and permanent" injury or disfigurement. Milliman and Robertson assumed that the number of people who suffer more than six continuous months of temporary total disability are the same number, in aggregate, as the people who incur at least $2,000 in medical expense. Based upon this untested assumption the Milliman and Robertson report makes a $2,000 medical expense threshold (which is *not* in S. 354) equivalent to the actual threshold, contained in S. 354, of more than six continuous months of total disability.

The Milliman and Robertson report also contains tables showing the effect of a "Loose Threshold." This is a hypothetical threshold based on the assumption that Congress might amend the High Threshold of S. 354 to provide for a lesser temporary total disability period of two continuous months. Again, there is no data base which permits an estimate of the number of victims who suffer two months of total disability. Miliman and Robertson assumes that a medical expense threshold of $600 would be the equivalent of the 2 months temporary total disability threshold.

Further assumptions made by Miliman and Robertson are that every motorist in the state who carries insurance is an "average motorist" who will carry bodily injury liability insurance with limits about double the minimum limits required by the state financial responsibility law. In the case of Alabama it is assumed that the state minimum requirement is a 10/20 policy but the average motorist will have available a policy which will pay up to $20,000 to each person injured in the accident without limit as to the number of persons. The average motorist who buys liability coverage, it is assumed, will also buy Medical Payments coverage. The limits of

Medical Pay are nowhere stated, but each insured driver is assumed to have enough to contribute to a gross, assumed, medical payments pool.

The appendices of the Milliman and Robertson report make detailed calculations for the cost of various programs under various benefit and threshold plans. The assumptions for Alabama under the permitted "Low Benefit Level" of S. 354 are stated in Appendix II-18. All costs are based on an assumed set, or "radix" of 100,000 total bodily injuries.

One set of assumptions deals with the present "Tort System." It is assumed that from the radix of 100,000 injuries 34,712 injured persons will recover an average of $364 each for medical expense reimbursement; 13,804 persons will recover an average of $627 each for wage loss; 3,792 persons will recover an average of $377 each for the replacement of lost services; and 824 claimants will recover an average of $13,606 for the economic losses of the estate of the decedent under the Alabama Wrongful Death Act. These economic losses total $34,467,000 per 100,000 injured victims in the radix.

It is further assumed by Milliman and Robertson that 32,938 injured claimants will recover general damages in addition to their recovery of economic losses. The average general damage payment is assumed to be $1,067, for a total "noneconomic detriment" payment of $35,133,000.

The combined cost of economic loss recovery and general damage recovery under the present tort system in Kentucky is thus $69,600,000 for each radix. The General Damage recovery of $35,133,000 is 50.4% of the total tort recovery. By coincidence, this is the same as the national average, which shows that general damage recovery accounts for 50.4% of total tort cost and economic loss recovery accounts for 49.6% of total tort recovery. The highest percentage of general damage occurs in New Jersey (a "tort-propensity" state) which shows 55% in the Milliman and Robertson appendix; and the lowest percentage is 46.7%, shown in North Dakota and Wyoming. The corresponding figure for each state is shown in Staff Analysis Appendix C. appended to the Minority Report of the Senate Committee on the Judiciary.

The persistent assumption of no-fault proponents is that a plan like that of S. 354 can pay no-fault benefits to all victims at a cost substantially less than that of the total tort system, and coupled with the device of reducing general damages by a threshold requirement, the cost of no-fault benefits plus reduced residual general damages will still be less than the total cost of the tort system.

The Milliman and Robertson appendix II-I for Alabama predicts the cost of economic benefits under the Low Benefit level of S. 354, as defined. Medical expenses for 74,477 claimants in the radix at $417 each, on average, will cost $31,031,000. Wage loss will be paid to 32,552 claimants at an average of $514 each, it is assumed, for a total cost of $16,729,000. Replacement of services will cost $5,356,000 for 18,330 claimants at an average of $292 each. Survivors' benefits in death cases, it is assumed, will be paid to 2,407 claimants. These cases all exceed the threshold, so that in death cases all claimants will recover the Low Benefit no-fault benefits and the innocent claimants will recover their full economic loss. The total cost in death cases will amount to $24,627,000 (compared to $11,756,000 under tort).

Total economic loss payments under S. 354's Low Benefit system will cost, in Alabama, $77,743,000. In additional, the no-fault system will pay residual general damages to the most seriously injured victims. The total amount will depend upon which threhrold is adopted. A significant observation can be made at this point. The total cost of all recoveries in the tort system, for both economic loss and general damages, are $69,600,000 (per radix) in Alabama according to Milliman and Robertson cost estimates. The total cost per radix of economic loss payments under S. 354, in injury and death cases, excluding general damages completely, amounts to $77,743,000. This is an *increase* over total tort costs of 11.6%. Similar results for each state, based on the Milliman and Robertson figures in their state by state appendices, are listed in Appendix D of the Staff Analysis appended to the Minority report.

When economic loss benefits under no-fault alone cost more per radix of 100,000 cases than the total tort recovery, there is no way for a reduction in general damages to make no-fault cheaper. Even under the highest of thresholds a substantial portion of the general damage payment will still be made. The Milliman and Robertson appendix for Alabama, II-I states the assumption that under a "Loose Threshold" 9,571 injured claimants would recover general damages in an amount averaging $2,443 each, for a total of $23,381,000. These numbers should be compared to the existing tort system in which 32,938 claimants are assumed to recover $1,067 each for a total of $35,133,000.

These numbers illustrate an important principle. As the total number of claimants is reduced by a threshold device, the cases barred from recovery are the cases of low average value. The cases which remain, while much fewer in number, will have a much higher average claim value. In Alabama, it is assumed that the hypothetical 2 month temporary total disability threshold (which is assumed to be the equivalent of a $600 medical expenses threshold), will reduce the number of claimants recovering general damages from 32,938 to 9,571, a reduction of 71%. The average claim cost will increase from $1,067 to $2,443, an increase per claim of 129%. The total payable to the remaining 29% of the potential claimants will be $23,381,000 instead of $35,133,000, which is a reduction of only 33.5%.

When the general damage total under the Loose Threshold ($600 medical expense equivalent) plan is added to the economic loss payments of $77,743,000 the total payable under the S. 354 Low Benefit plan amounts to $101,124,000. This is an *increase*, in Alabama, of 33.6% over the total cost of $69,600,000 for both economic loss and general damages under the Tort system.

General damages can be reduced further by a higher threshold, but the principle of diminishing returns applies. A much higher threshold will not produce a proportional reduction in general damages. The Milliman and Robertson report assumes that if the threshold is raised from 2 months temporary total disability to more than 6 months continuous total disability, the number of claimants will be reduced from 9,571 (Loose Threshold) to 6,405 (Tight Threshold). The average claim cost would rise, in Alabama, from $2,443 to $3,354. The payment of $3,354 each, on average, to 6,405 claimants for general damages would add $21,482,370 to the economic loss costs of the plan. Note that increasing the equivalent medical expense threshold from $600 to $2,000 reduces the number of claimants from 9,571 to 6,405, a reduction of 33%. The average claim cost would increase from $2,443 to $3,354, an increase of 37%. The net change in total cost would be to reduce the general damage cost from $23,381,000 to $21,482,000, a decrease of only 8%.

According to the figures projected by Milliman and Robertson, a Tight Threshold equivalent to $2,000 in medical expense would still add $21,482,000 in general damages to the economic loss cost of $77,743,000 under no-fault. The general damage cost alone would amount to 30.9% of the total cost of both economic loss and general damages under the tort system.

Stated another way, in Alabama the cost of economic loss benefits alone under S. 354 would cost 11.6% more than the total cost of all tort recoveries under the existing tort system. If general damages are paid under a hypothetical $600 medical expense threshold, it would cost an additional amount equal to 33.6% of the total cost of the tort system. The combined additional cost would be 11.6% plus 33.6% of total tort recovery cost, or an increase of 45.2%, using the $2,000 medical expense threshold, equivalent to the actual 6 months disability threshold of S. 354, would produce a total recovery of general damages equal to 30.9% of the total recovery cost of the existing tort system. The combined additional cost would be 11.6% attributable to economic loss benefits and 30.9%, attributable to general damages under residual tort claims for a total increase or 42.5% compared to present tort recoveries. A similar calculation is made for each state, based on Milliman and Robertson assumptions, in Appendix G of the Staff Analysis appended to the minority report.

At this point it will be necessary to evaluate one further Milliman and Robertson assumption. The figure in the printed appendix, II-1, for Alabama under "Tight Threshold" shows the average value for general damage claims to be $2,104 instead of $3,354. How is it possible for the higher threshold to produce a lower average claim costs than is listed for the lower threshold? At first glance it does not seem possible that a $600 threshold should produce an average cost of $2,443 while a $2,000 threshold produces an average cost of only $2,104. In general, the higher the threshold the higher the residual average claim costs. The explanation is simple enough. S. 354 in its present forms requires a *deduction* from every residual tort claim which passes the threshold. Sec. 206(a)(5) abolishes tort recovery except in cases where the injury exceeds the threshold, and contains a further exception providing that the wrongdoer is liable for damages for "noneconomic detriment in excess of $2,500". The language means that if a jury determines the fair value of a serious and permanent disfigurement case should be $4,500, the court must slash $2,500 from the verdict and return it to the wrongdoer or his insurance company. Milliman and Robertson makes a curious assumption that courts, juries, claimants and claim adjusters will regard this arbitrary and unjust deduction with such repugnance that they will refuse to give it full enforcement. It is assumed by the actuaries that juries will react to the arbitrary deduction of $2,500 from general damages with an equaly arbitrary addition of an extra amount to the initial damage evaluation before deduction. However, the deductible will have a partial effect in that the addition will average only $1,250 more than true value of each claims. The true value, plus $1,250, will then be reduced by the mandatory rebate of $2,500. This will result in a net effective reduction of $1,250.

The above described assumption is listed as assumption No. 17 in the Milliman and Robertson Exhibit D. "Model Input Assumptions": "The $2,500 general damages deductible will be 50% effective and will operate as a $1,250 deductible per claim." It does not matter whether one believes or disbelieves this set of assumptions. In order to use the individual state appendices correctly it is necessary to realize that the figure stated by Milliman and Robertson for the General Damage claim cost under a Tight Threshold in the *net* figure after the assumed deduction of an effective $1,250 per claim. For Alabama the stated average claim cost of $2,104 under Tight Threshold means that the assumed true value per claim is $2,104 *plus* $1,250, or $3,354.

If an amendment to S. 354 should remove the deduction, then the residual general damage cost, based on the $3,354 value would amount to 30.9% of the total cost of all tort recoveries under the existing system.

The effect of the deduction is to reduce the average claim cost for residual general damages to $2,104 for 6,405 claimants, producing a total cost after reduction of $13,476,000. This total amounts to 19.4% of the total cost of all tort recoveries under the present system for combined economic loss and general damages. In summary, the payment of the economic loss benefits under the "Low Benefit" level allowed by S. 354 amounts to an increase of 11.6% over the assumed present cost of tort system recoveries. The residual general damages under the Tight Threshold level of S. 354 with its present 6 month total disability threshold, plus its present $2,500 per claim deduction will add costs amounting to 19.4% of the assumed present cost of total tort recoveries. The combined cost *increase* will be 11.6% plus 19.4% or 31.

The state by state cost increases of S. 354 in its present form, as compared to the tort system total recoveries in each state, are tabulated in Appendix E of the Staff Analysis appended to the minority report. Unfortunately the table is mis-titled and as printed Appendix E is said to show the cost increase of S. 354 with Low Benefit, *Low* Threshold, and $2,500 per claim reduction. In fact the cost increases shown are the lesser increases which will occur with the high "Tight Threshold." The cost increases would be even greater if they were based on the greater amount of general damages allowed by the "Loose Threshold" hypothesis. As related to Alabama, the cost increase for residual general damages with the "Loose Threshold" (equivalent to $600 in medical expense with no deductible) would amount to 33.6% of the assumed present total tort recoveries. This increase added to the 11.6% increase produced by the economic loss benefits would produce a combined increase of 45.2%.

In summary, Appendix E of the Staff Analysis shows the actual increases that will occur in each state with S. 354 in its present form with a 6 month total disability threshold combined with a $2,500 per claim mandatory rebate or deduction, based entirely upon the cost assumptions of Milliman and Robertson. The increases would be much higher if the deductible is either removed or lessened by amendment, or if the threshold requirements are made less stringent by amendment. In its present form S. 354 would produce a cost decrease only in those unusual nonstandard states which have either a "tort propensoity" as defined or temporary disability laws which make wage loss repayment primary. These states with projected cost decreases are California, Connecticut, Hawaii, Massachusetts, New Jersey and New York. Everyone of these states except California has already enacted a no-fault law which is supposed to reduce premiums. It must be remembered that the Milliman and Robertson cost projections compare S. 354 with an assumed tort system. No comparison has been made between the assumed cost of S. 354 and either the actual cost or the assumed cost of the existing state no-fault laws.

There would appear to be a substantial conflict between the Staff Analysis showing a cost increase of 31% in Alabama and Milliman and Robertson's Exhibit A-2 which says that the average personal injury premium in the state will decrease by 22% with the low Benefit level, Tight Threshold provisions of S. 354. The difference between 78% of present premium and 131% of present cost is startling. The difference becomes understandable when a closer analysis is made of all the Milliman and Robertson's assumptions. Appendix II-I for Alabama lists all the costs for tort recoveries under the present system under the caption, "Tort System." These costs, for medical, wage, replacement services, and survivors' losses recovered in tort claims total $69,600,000 per radix of $100,000 injuries. The Milliman and Robertson report then adds on a large lump sum figure of $12,671,000 captioned "Medical Payments by Option," and assumes that this is a cost of the "Tort System." The assumption is obviously both arbitrary and erroneous. It is assumed that every insured driver carries a voluntary Medical Payment Policy. That assumption itself is unjustified in fact. No detail is given as to what limits of Medical Pay are assumed to be carried by the average driver, nor what the average claim cost is, nor how many claimants recover. The average tort recovery of medical expense is said to be $364 per claim. If the average Medical Pay recovery is the same, then the total of $12,671,000 assumes there are 34,810 additional Medical Pay claimants. That would mean that the "Tort System" pays just about as many medical claims as the no-fault system.

The blunt fact is that Medical Payment insurance is not a part of the tort system. Medical Pay is classic first-party, no-fault insurance which should not be confused with Bodily Injury Liability insurance. The purchase of Medical Pay coverage is purely voluntary. No state requires it. Many drivers, on a tight budget, do no buy it. Most drivers probably do not need it, in view of the testimony that approximately 9 out of 10 families now have some form of medical insurance.

The no-fault coverage of S. 354 will be mandatory. The driver will be given no choice with respect to purchase of duplicate coverage. The cost of the mandatory coverage should not, in all fairness, be compared to the cost of voluntary first party coverages under the pretense that optional Medical Payment policies are part of the "Tort System."

Another mathematical device used by Milliman and Robertson is the assumption that the present tort system has adjustment expenses which average 19% of total losses paid, but that under S. 354 residual damage claims will bear loss adjustment expenses of 25%, death claims will bear loss adjustment expenses of 11%. The assumptions are unproven. Indeed, the testimony received by the Judiciary Committee revealed that system expenses in Massachusetts under no-fault have shown a substantial percentage *increase* rather than a decrease, resulting in a lower percentage of payout of the premium dollar. This is not a major item, however. In most of the states the appendices of the actuaries show such a small difference between Tort System adjustment expense and no-fault adjustment expense that the differences will not significantly affect percentage results and can be ignored. In Alabama, for example, a 19% assumed adjustment expense for the Bodily Injury liability system benefits of $69,600,000 would produce an expense of $13,224,000. The no-fault benefits are assumed to require an adjustment expense of $11,675,000.

Another mathematical device inherent in the actuarial cost projections of Milliman and Robertson which should be borne in mind is the assumption that *all* drivers carry limits nearly double the minimums of the financial responsibility laws. In Alabama, for example, the minimum is a $10,000/$20,000 Bodily Injury Liability policy. Many drivers undoubtedly carry the minimum, particularly if they live at low economic levels. Milliman and Robertson assumes that all drivers carry a type of policy not actually sold, which has a limit of $20,000 per person regardless of the number of persons. Obviously a $20,000/unlimited policy would cost more than a $10,000/$20,000 policy, and some purchasers would elect not to buy it. The mandatory requirement of S. 354 gives the driver no choice on limits. He must buy the higher cost package. All the actuarial studies on no-fault plans have shown that cost increases are higher when compared to minimum range coverages than they are when compared to voluntary medium range coverages. The cost increases shown in the Staff Analysis will be enlarged for the present minimum limit purchaser.

The most important mathematical device used by Milliman and Robertson is to make assumptions as to the ratio of insured and uninsured drivers under tort, and a projected different ratio under S. 354. All the Tort System expenses are divided by a number estimated to be the percentage of drivers who now carry medium limit bodily injury liability coverage plus uninsured motorist coverage plus medical payment coverage. The resulting number is said to be a "unit cost." The total cost of the benefits under S. 354 are divided by the assumed percentage of the drivers who will purchase the compulsory coverage. The division results in a number called the "Unit Cost" of no-fault. The number of insured drivers under S. 354 is assumed, in every state, to be a much larger number of drivers. The mathematical result is predictable. If a smaller total cost figure is divided by a small number, it may produce a higher "Unit Cost" than would result from dividing a larger cost number by a larger insured ratio number. In Alabama, "Tort System" costs are divided by 59. S. 354 costs are divided by 79. As a result, the higher costs of no-fault are assumed to result in lower "Unit" Cost.

If this mathematical device proves anything it proves only that a compulsory system may lower unit costs if it spreads the costs over a broader base. The assumption might prove that compulsory insurance is cheaper than voluntary insurance. It does not fairly prove that no-fault is cheaper than Tort.

Practical experience has shown that a compulsory system has some highly undesirable side effects in bringing into the system high risk, high cost drivers who are subsidized, eventually, by good drivers. This has been demonstrated in New York, where assigned risk rates in many territories are lower than preferred risk rates. Massachusetts and New York, pioneers in compulsory insurance, are also pioneers in the highest premium levels in the United States. They have also pioneered in developing the most acute claims consciousness and the highest litigation rates in the United States. Milliman and Robertson itself assigns a "Tort Propensity" rating to Massachusetts of 25%, and rates New York at 15%. It cannot be assumed, in predicting premium levels, that a compulsory plan will necessarily decrease costs.

If compulsory requirements do have a cost-reducing effect, as the mathematical model predicts, then compulsory tort insurance would still be cheaper than compulsory no-fault insurance. A fair test of this assumption can be made by reviewing the Milliman and Robertson cost predictions made for Kentucky. Their report, submitted to the Senate, states that the "average personal injury premium" in Kentucky under S. 354 with a low benefit level and tight threshold would be reduced 12%. Kentucky has just passed a no-fault law with a benefit package of $10,000 and a threshold of $1,250 in medical expense. Kentucky has a constitutional provision which would prohibit the legislature from abolishing traditional tort rights. It is generally accepted that any citizen can *waive* his constitutional rights, even though he cannot be compelled to give them up. Accordingly the new Kentucky law has a unique optional feature. A Kentucky driver must elect whether he will retain his constitutional rights to tort recovery, or whether he will waive them and elect no-fault bene-

fits. Either way insurance coverage will be compulsory. This will mean that in Kentucky there will be two classes of cars on the road, "tort cars" which retain tort recovery rights and tort liability, and "no-fault cars" which are entitled to no-fault benefits but give up tort recovery rights unless the injury exceeds the high threshold.

Milliman and Robertson reported cost estimates to the Kentucky legislature. For the first time they had to make a direct comparison, in the same state, with the same accident and injury rate and same medical and wage cost levels, of the relative cost of a compulsory tort liability system and a compulsory no-fault system. The result of this comparison blows apart the argument that no-fault costs less than tort.

In its cost analysis for the Kentucky optional bill, Milliman and Robertson said that if 40% of the insured drivers accepted no-fault and 60% retained tort, then the average bodily injury premium for no-fault would *increase* 6% over present levels and the average bodily injury premium for tort (including medical payment) would *decrease* 8%. The differential between 92% and 106% is 15%. In short, tort would cost 15% less than no-fault coverage.

The ratios change as the proportions between tort cars and no-fault cars change. If 60% of Kentucky insurance buyers elect no-fault and only 40% retain tort, then tort will be 9% cheaper than the present rates and no-fault would cost 2% more than present rates—a differential which still heavily favors tort.

In closing it should be said that there is reason to believe that the costing model of Milliman and Robertson may seriously understate the costs of a no-fault system. Their model would predict that in Florida its $5,000 benefit, $1,000 threshold plan should cost about 10% less than tort. The Judiciary Committee heard testimony concerning the only actuarial study which had analyzed the actual, developed, loss data in Florida. In fact no-fault did not cost less than the tort system in Florida, but instead produced higher costs ranging from 5% to 25% among various companies, with an average *increase* in loss costs of 10%.

EXHIBIT 3

APPENDIX C: STAFF ANALYSIS BY STATE OF THE GENERAL DAMAGE PAYMENT TO THE COMBINED PAYMENT FOR ECONOMIC LOSS AND GENERAL DAMAGES

Ratio of general damage to total payment

	Percent
Alabama	50.4
Alaska	48.9
Arizona	50.8
Arkansas	49.2
California	52.6
Colorado	50.9
Connecticut	54.2
Delaware	50.5
Florida	50.4
Georgia	48.5
Hawaii	51.3
Idaho	48.0
Illinois	52.7
Indiana	51.4
Iowa	50.4
Kansas	50.5
Kentucky	48.4
Louisiana	49.6
Maine	49.4
Maryland	52.9
Massachusetts	53.5
Michigan	51.6
Minnesota	50.3
Mississippi	47.8
Missouri	52.1
Montana	47.0
Nebraska	49.4
Nevada	50.2
New Hampshire	51.0
New Jersey	55.0
New Mexico	49.6
New York	52.2
North Carolina	50.3
North Dakota	46.7
Ohio	52.2
Oklahoma	49.8
Oregon	50.0
Pennsylvania	51.5
Rhode Island	51.4
South Carolina	48.4
South Dakota	48.5
Tennessee	50.1
Texas	52.6
Utah	53.1
Vermont	46.8
Virginia	50.8
Washington	52.7
West Virginia	49.0
Wisconsin	50.2
Wyoming	46.7
National average	50.4
Highest State average, New Jersey	55.0
Lowest State average, North Dakota and Wyoming	46.7

This chart which appears at page 81 of the Judiciary Committee Report, simply sets forth Milliman & Robertson data demonstrating that approximately 50 percent of the dollars awarded under tort systems cover economic (out-of-pocket) losses while the balance goes to cover non-economic (pain and suffering, disfigurement, etc.) losses.

The chart is revealing since it points out that, contrary to the representations of many, generally only one-half of the dollars awarded under tort systems go to cover general damages.

APPENDIX D

STAFF COMPARISON OF NO-FAULT ECONOMIC LOSS PAYMENT TO TORT SYSTEM COMBINED ECONOMIC LOSS AND GENERAL DAMAGE PAYMENT

[Dollar amounts in millions]

State	Combined tort cost, economic loss, and general damage	No-fault low benefit cost (excluding general damages)	Ratio of increase or decrease (percent)
STANDARD STATES			
Alabama	$69.6	$77.7	+11.6
Alaska	144.1	134.0	−7.0
Arizona	93.7	91.0	−2.9
Arkansas	81.7	91.0	+11.4
Colorado	85.8	87.1	+1.6
Delaware	85.1	87.5	+2.8
Florida	90.0	84.0	−6.7
Georgia	77.4	85.7	+10.7
Idaho	83.8	93.4	+11.6
Indiana	78.2	80.2	+2.6
Iowa	75.8	87.6	+3.7
Kansas	74.2	81.2	+9.4
Kentucky	92.1	97.8	+6.2
Louisiana	72.9	82.5	+13.2
Maine	93.8	92.8	−1.1
Maryland	104.2	91.3	−12.4
Michigan	91.9	91.2	−.8
Minnesota	96.9	92.2	−4.8
Mississippi	87.2	95.4	+9.4
Missouri	82.9	77.1	−7.0
Montana	96.0	107.9	+11.2
Nebraska	81.8	87.4	+6.8
Nevada	92.6	98.7	+3.
New Hampshire	89.8	81.9	−8.
New Mexico	80.4	85.8	+6.7
North Carolina	89.5	85.1	−5.0
North Dakota	87.4	117.4	+17.6
Ohio	83.1	81.7	−1.7
Oklahoma	67.9	73.0	+7.5
Oregon	81.7	85.4	+4.5
Pennsylvania	99.2	90.6	−8.7
South Carolina	85.3	91.4	+7.2
South Dakota	83.3	93.8	+12.6
Tennessee	106.3	102.0	−4.1
Texas	68.4	69.5	+1.6
Utah	73.8	70.7	−4.2
Vermont	102.3	106.4	+4.0
Virginia	95.7	98.2	+2.6
Washington	85.4	82.5	−3.3
West Virginia	95.3	97.1	+2.0
Wisconsin	103.8	98.2	−5.4
Wyoming	102.4	114.6	+13.0
NONSTANDARD STATES			
California [1]	113.5	88.6	−22.0
Connecticut [2]	113.0	89.6	−20.8
Hawaii [1]	118.8	95.0	−19.9
Illinois [2]	83.3	79.1	−5.0
Massachusetts [2]	87.4	72.9	−16.6
New Jersey [2]	109.4	77.9	−28.8
New York [2]	108.2	80.0	−26.2
Rhode Island [1]	84.1	73.0	−13.1

[1] State temporary disability law pays benefits for 1st 26 weeks of disability which are deducted from no-fault reparations.

[2] Tort propensity of State will cause not-at-fault bodily injury claims to be increased beyond data base indication as follows: Connecticut—15 percent; Illinois—10 percent; Massachusetts—25 percent; New Jersey—10 percent; and New York—10 percent.

Source: Millman and Robertson cost model.

Note: Cost stated per 100,000 injuries to nearest million dollar

This chart which appears at page 81 of the Judiciary Committee Report sets forth Milliman & Robertson data to summarize the total cost in each state of the economic loss costs and death benefits, alone, under S. 354 excluding entirely the estimated cost of residual general damages under S. 534.

This cost is compared to the total cost of the tort system, including general damages, on a state-by-state basis.

In 26 states with standard tort systems, it will cost more to pay just economic losses and death benefits under S. 354 than it costs to pay the total claims for economic loss and general damages under the tort system.

This means there is no way to cut general damages enough to make S. 354 cheaper which was the original theory of no-fault proponents. Residual general damages will add even more cost to the already higher cost.

APPENDIX E

STAFF TABLE SHOWING COST INCREASE OF S. 354 WITH LOW BENEFIT, TIGHT THRESHOLD, AND $2,500 PER CLAIM DEDUCTION COMPARED TO TOTAL SYSTEM CLAIM COSTS

Ratio of increase

	Percent
Alabama	31.0
Alaska	9.2
Arizona	16.6
Arkansas	29.4
California [1]	−3.9
Colorado	20.0
Connecticut [2]	−2.7
Delaware	19.2
Florida	9.9
Georgia	30.1
Hawaii [1]	−5.2
Idaho	34.0
Illinois [2]	11.8
Indiana	20.8
Iowa	20.9
Kansas	28.3
Kentucky	24.5
Louisiana	23.4
Maine	18.7
Maryland	7.2
Massachusetts [2]	−9.3
Michigan	17.6
Minnesota	12.4
Mississippi	28.6
Missouri	11.1
Montana	27.9
Nebraska	23.9
Nevada	22.2
New Hampshire	8.1
New Jersey [1 2]	−11.1
New Mexico	24.4
New York [1 2]	−11.1
North Carolina	13.5

Footnotes at end of table.

APPENDIX E—Continued

STAFF TABLE SHOWING COST INCREASE OF S. 354 WITH LOW BENEFIT, TIGHT THRESHOLD, AND $2,500 PER CLAIM DEDUCTION COMPARED TO TOTAL SYSTEM CLAIM COSTS—Continued

Ratio of increase	*Percent*
North Dakota	34.4
Ohio	15.7
Oklahoma	20.4
Oregon	21.6
Pennsylvania	8.0
Rhode Island [1]	4.6
South Carolina	14.2
South Dakota	31.0
Tennessee	14.8
Texas	19.4
Utah	14.6
Vermont	21.2
Virginia	21.8
Washington	14.8
West Virginia	19.9
Wisconsin	13.3
Wyoming	29.3

[1] State temporary disability law.
[2] Tort propensity.

NOTE.—This chart has been recaptioned to indicate a "Tight" rather than "Low" Threshold as originally set forth in the Judiciary Committee Report.

Explanation:

Low Benefit equals: $15,000 maximum wage loss; $5,000 survivor's death benefits; and Unlimited Medical Expenses.

Tight Threshold refers to: Death; serious and permanent disfigurement or other serious and permanent injury; or more than six (6) continuous months of total disability.

This table indicates the ratio of no-fault costs under S. 354 with a low benefit ($15,000 fixed) tight threshold (six months) structure and $2,500 per claim deduction as compared with total tort system claim costs.

These results are based on Milliman & Robertson's own cost estimates, State by State, as contained in their report. The major difference between these results and those submitted by the majority is that these results are not then divided by an increased number of drivers yielded by the compulsory nature of no-fault. In other words, these results which M. & R. concur with are based on the same percentage of insured drivers under both systems. This compulsory provision is a false savings as indicated by Milliman & Robertson's analysis of Kentucky which also proves this.

It should also be noted that this chart takes into account the false savings generated under S. 354's mandate for a $2,500 deduction from every claim for general damages which passes the tight threshold.

Tort System costs in this chart do not include medical payment costs. M&R's appendix includes medical payment as a cost of the "Tort System." This would be an error since medical payment is first party, no-fault—not tort.

APPENDIX F

RECASTING BY VEHICLE TYPE (CALIFORNIA PREMIUM MODEL—1972)

Item	Premium in millions		
	Total	Private passenger	Commercial
1. California liability premium	1,326.2	1,077.5	248.7
2. Less property damage	(349.0)	(269.4)	(79.6)
3. Personal injury premium	977.2	808.1	169.1
4. Less medical	171.5	161.6	9.9
5. Available for tort remedy	805.7	646.5	159.2
5a. Tort percentage of premium	(100.0)	(80.2)	(19.8)
6. Threshold savings (45 percent, line 5)	(362.5)	(290.9)	(71.6)
7. No fault added coverages	409.2	409.2	0
8. Total no-fault benefits	852.4	764.8	87.6
9. Percentage of premium after threshold use	(100.0)	(90.0)	(10.0)
9a. Percentage change after threshold use	(+5.8)	(+18.3)	(−45.0)
10. Social security, UCD offsets, etc. (15.8 percent line 5:65 percent PP:35 percent Comm)	(127.7)	(83.0)	(44.7)
11. Net no-fault benefits after offsets	724.7	681.8	42.9
12. No-fault percentage of premium	(100.0)	(94.1)	(5.9)
13. Savings—No fault over tort	(−10.0)	(+5.5)	(−73.0)
EFFECT OF INCOME TAX DEDUCTIONS			
14. Liability premium tort remedy (1972)	805.7	646.5	159.2
15. Payable after 40 percent income tax deduction (1972)	?	NA	95.5
16. No-fault premium (net) (1977)	724.1	681.8	42.9
17. Premium payable after 1977 tax deduction			25.7
18. Premium savings from no fault (1977)			69.8

Source: Herbert F. Wells, chief product research specialist, Farmers Insurance Co.

APPENDIX G

STAFF TABLE OF COST INCREASE OF S. 354 NO-FAULT BENEFITS OVER TORT SYSTEM BENEFITS

[In percent]

State	Tort total	Ratio of no-fault economic loss	Ratio of no-fault general damages, $600 threshold	Ratio of no-fault general damages, $2,000 threshold	Net cost, increase $2,000 threshold
STANDARD STATES					
Alabama	100	+11.6	+33.6	+30.9	+42.5
Alaska	100	−7.0	+27.2	+22.2	+15.2
Arizona	100	−2.9	+31.9	+29.4	+26.5
Arkansas	100	+11.4	+31.2	+27.9	+39.3
Colorado	100	+1.6	+30.6	+28.5	+30.1
Delaware	100	+2.8	+28.6	+25.4	+28.2
Florida	100	−6.7	+29.2	+25.4	+18.7
Georgia	100	+10.7	+32.9	+30.9	+41.6
Idaho	100	+11.6	+29.5	+27.5	+39.1
Indiana	100	+2.6	+30.7	+28.7	+31.3
Iowa	100	+3.7	+30.1	+28.4	+32.1
Kansas	100	+9.4	+31.7	+29.1	+38.5
Kentucky	100	+6.2	+30.7	+28.1	+34.3
Louisiana	100	+13.2	+25.6	+22.3	+35.5
Maine	100	−1.1	+31.4	+29.6	+28.5
Maryland	100	−12.4	+31.3	+29.3	+16.9
Michigan	100	−.8	+30.1	+27.4	+26.6
Minnesota	100	−4.8	+29.6	+26.8	+22.0
Mississippi	100	+9.4	+32.1	+30.1	+39.5
Missouri	100	−.7	+31.4	+28.9	+22.9
Montana	100	+11.2	+28.2	+25.5	+36.7
Nebraska	100	+6.8	+29.3	+27.7	+34.5
Nevada	100	+3.2	+31.3	+27.6	+30.8
New Hampshire	100	−8.2	+27.1	+25.4	+17.2
New Mexico	100	+6.7	+30.5	+28.2	+34.9
North Carolina	100	−5.0	+30.8	+29.3	+24.3
North Dakota	100	+17.6	+28.4	+26.0	+43.6
Ohio	100	−1.7	+29.9	+27.3	+25.6
Oklahoma	100	+7.5	+27.2	+24.7	+32.2
Oregon	100	+4.5	+29.6	+27.7	+32.2
Pennsylvania	100	−8.7	+29.1	+26.0	+17.3
South Carolina	100	+7.2	+28.9	+27.0	+34.2
South Dakota	100	+12.6	+30.1	+28.2	+40.8
Tennessee	100	−4.1	+29.3	+25.6	+21.5
Texas	190	+1.6	+32.0	+29.8	+31.4
Utah	100	−4.2	+32.5	+30.4	+26.2
Vermont	100	+4.0	+28.4	+26.5	+30.5
Virginia	109	+2.6	+30.6	+28.7	+31.3
Washington	100	−3.3	+30.7	+27.9	+24.6
West Virginia	100	+2.0	+30.4	+27.4	+29.4
Wisconsin	100	−5.4	+30.2	+27.7	+22.3
Wyoming	100	+13.0	+27.4	+24.7	+37.7
California [1]	100	−22.0	+30.3	+26.4	+4.4
Connecticut [2]	100	−20.8	+29.1	+27.0	+6.2
Hawaii [1]	100	−19.9	+27.2	+21.8	+1.9
Illinois [2]	100	−5.0	+28.8	+27.6	+22.6
Massachusetts	100	−16.6	+19.8	+14.6	−2.9
New Jersey [2]	100	−28.8	+29.4	+27.0	−1.8
New York [2]	100	−26.2	+26.2	+23.6	−2.6
Rhode Island [2]	100	−13.1	+30.6	+28.3	+15.2

[1] State temporary disability wage continuation.

[2] Tort propensity

This table indicates the increased costs of no-fault over tort under different threshold structures ($600 or loose vs $2,000 or tight) based on Milliman-Robertson data, state by state, with particular emphasis on replacing general damage losses by economic losses as provided for in S. 354. It does not divide these increases on a per capita basis as does the majority report because: (1) that per capita basis is based on increased number of motorists who will be insured due to compulsory nature of S. 354 which is not pertinent to no-fault vs tort comparison; (2) it assumes that new drivers added are no riskier than current drivers which is clearly not a valid assumption. Evidence in those states where compulsory tort systems have been introduced have experienced premium increases of anywhere from 15–25 percent due to the inclusion of the riskiest drivers.

This chart does not take the $2,500 deduction mandated by S. 354 into consideration. Additionally, it assumes that administrative costs of insurers will remain constant.

In layman's terms, this chart may be interpreted as follows: (1) column 2 sets forth the increase or decrease anticipated in the ratio of no-fault economic loss to total tort costs (from Table D); (2) column 4 sets forth the additional decrease or increase in anticipated general damage recovery outside no-fault under S. 354; and (3) these two figures account for the net cost increase or decrease set forth in column 5.

Actually, all this chart does, vis-a-vis Appendix E, is calculate the additional effect which can be anticipated by eliminating S. 354's $2,500 deduction.

The chart does not add medical payment costs to "Tort System" as M&R's figures do. M&R adds all of medical payment average costs to the Tort System costs.

NOTE.—This chart also corrects an error of transportation of numbers which appeared in the printed version of page 84 of the Judiciary Committee Report.

NATIONAL NO-FAULT MOTOR VEHICLE INSURANCE ACT

The Senate continued with the consideration of the bill (S. 354) to establish a nationwide system to adequate and uniform motor vehicle accident reparation acts and to require no-fault motor vehicle insurance as a condition precedent to using a motor vehicle on public roadways in order to promote and regulate interstate commerce.

Mr. MOSS. Mr. President, as I understand it, Mr. President, the amendment of the Senator from Washington is the pending business at this time.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. MOSS. It is my understanding Mr. President, that there will be one or more modifying amendments presented to the amendment of the Senator from Washington, which we discussed earlier last week, and have all but completed our discussion on the amendment.

It has been suggested that if we get to a roll call on this amendment, we set a time certain. I withhold any request as to that now, however, until I have had an opportunity to confer further with the ranking minority member of the committee.

Mr. President, several of my colleagues have expressed concern over S. 354, the National No-Fault Motor Vehicle Insurance Act, because they fear that owners of heavy commercial vehicles will experience a substantial savings in their vehicle insurance premiums. They point out that these savings in their vehicle insurance premiums may very well surpass the savings of the ordinary passenger car owner and argue that such a savings constitute a "windfall."

The Senate Commerce Committee was aware of the possibility that owners of heavier commercial vehicles would experience substantial premium savings. Therefore, the committee provided a mechanism whereby a State could provide for the redistribution of the insurance premium burden by allowing the insurers of passenger cars to be reimbursed by the insurers of passenger cars on some basis other than fault—on the basis of weight, for example.

Because some people have argued that loss shifting on the basis of weight would not be adopted by the States and that loss shifting on the basis of fault for heavy commercial vehicles would be more appropriate, I bring to the consideration of my colleagues on the Senate floor the amendment which is now before us.

The amendment would permit reallocation of loss between heavy vehicles—over 8,000 pounds unladen weight—and other vehicles based upon fault if a State decided such reallocation was necessary to prevent a "windfall." This determination of fault would be at the insurer level, and would not affect the ability of the accident victim to recover timely compensation without regard to fault. In order to insure owners of heavy commercial vehicles some advantages under a no-fault system the amendment preserves a no-fault, even at the insurance company level, for the first $5,000 of loss.

This, Mr. President, is the pending amendment, which we have discussed at some length heretofore on the Senate floor. It is my understanding, as I say, that there is a modifying amendment, or perhaps more than one, to be offered, but I do not see in the Chamber the Senator whom I expected to offer that amendment. I therefore, at this point, suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. COOK. Mr. President, I send to the desk an amendment to the pending amendment, which I understand is the amendment of the Senator from Washington.

The VICE PRESIDENT. The amendment will be stated.

The legislative clerk read as follows:

On page 2, line 9 of amendment No. 1132, delete "one or more of the motor vehicles involved has an unladen weight in excess of eight thousand pounds" and insert in lieu thereof the following: "one or more of the motor vehicles is of a type other than a private passenger motor vehicle and by designation the State has determined that the owner of such type would receive an unreasonable economic advantage or suffer an unreasonable economic disadvantage in the absence of the grant of such right of reimbursement."

Mr. COOK. Mr. President, this amendment to the amendment of the distinguished chairman of the Committee on Commerce, I believe, is consistent with the goals of the pending amendment, as well as with the principles of minimum standards for no-fault systems and substantial equity among America's drivers.

As drafted, amendment No. 1132 I believe fails to get at the essence of the problem which arises from the complete preclusion of the right of subrogation on the basis of fault. Many have commented, and accurately so, that the bill as reported would provide a substantial windfall to truckers, since their insurers would only have to insure against the damage which a truck might suffer, rather than the damage it might cause. I believe this advantage ought to be corrected, but the amendment of the Senator from Washington is in my opinion, too restrictive, and would only allow subrogation in accidents involving the heaviest vehicles. Therefore, inherent disadvantages would have remained because of the elimination of the right of subrogation against many other classes of vehicles that do more damage than they incur, or suffer more than they cause.

For these reasons, I am offering an amendment to amendment No. 1132, which would allow the States to permit subrogation of claims in excess of $5,000 in accidents involving types of vehicles which the State determines would be inherently favored or discriminated against economically due to the preclusion of this right. This would further the concept of flexibility on the State level, and would allow the States to remove any inequities that might result from the existing blanket prohibition of the right of subrogation.

As a final effect of my amendment, I might mention that this provides an alternative method for the States to deal with the problems of incorporating motorcycles in a no-fault system. As you know, Mr. President, last week the Senate adopted an amendment which would allow a State to exempt motorcycles from the requirements of the Federal bill. I objected strenuously to this amendment, because I felt that motorcycle drivers sustain severe damage, and should not be forced to seek redress in the courts while everyone else would have appropriate first-party coverage. My amendment would give the States the opportunity to include motorcycles in their plans, while helping to ease the premium burden on the small vehicles through the subrogation mechanism. I truly believe that this adaptation will provide a more equitable and reasonable mechanism for balancing the cost burden of no-fault.

Mr. President, our respective staffs have gone over this amendment and we have gone over it. It is my understanding that this will be accepted as an amendment to the pending amendment.

Mr. MOSS. Mr. President, I wish to say something about that, but I am happy to yield first to the Senator from Nebraska (Mr. HRUSKA) who would like to proceed at this point because he must go to a markup.

The VICE PRESIDENT. The Senator from Nebraska is recognized.

Mr. HRUSKA. Mr. President, I rise in support of the amendment proposed by the Senator from Kentucky as a much more suitable approach to the problem at hand. It is not quite as definitive as the original amendment but it will be of great value in getting at the root of the problem.

The root of the problem, and one of the major objections to the bill is the tremendous advantage accorded to truck operators. This windfall to commercial vehicle and fleet operators is very substantial. If there is any question about it, we could refer to page 54 of the Judiciary Committee report and see the details of the size of the windfall which is actually

being thrown into the laps and pocketbooks of commercial truck operators.

The form in which the amendment proposed by the Senator from Washington is couched is simple and it is easy to understand. It provides that one rule would apply to trucks under 8,000 pounds unladen weight, and another rule to others. However, we should not be fooled into thinking this is a simplistic matter because it is not. This is a very complicated amendment we are considering today. It is an amendment that undertakes to compose a basic new policy and in the composition of this new policy we find a great many factors to be considered.

The principal amendment proposed here by the Senator from Washington seeks to reduce the size of the windfall that will accrue to large truckers. The effort to reduce the size of that windfall is sought by subrogation of actions at law against insurers of trucks in excess of 8,000 pounds where losses exceed $5,000. The question arises as to whether such an amendment has an impact or will be of any considerable significance to achieve its declared goal. The analysis will show that its impact would be small.

Commercial vehicle and fleet operators will benefit greatly by S. 354 as it is written, and only a very small degree less than that by reason of the proposed main amendment. This benefit to the commercial vehicle and fleet operators will be at the cost of and to the detriment of consumers, namely, the private passenger operators.

During our hearings in the Judiciary Committee, we had a witness from the State of California, the most populous State in the Union, who utilized the State of California as a model. Under the present tort system, about 20 percent of the liability premium is paid by commercial operators, but under no-fault they will pay only about 10 percent after the threshold savings take effect.

Ten percent of the bill which they now pay is a tremendous amount of money. The amount that they will spend will be only $42.9 million out of $724 million paid in California for no-fault benefits under the present schedule.

The no-fault benefits are reduced again by income tax deductions, social security offsets, workmen's compensation, and State disability benefits. The coverage afforded by all those classifications are considered primary coverage, and the protection afforded under S. 354 will be only supplemental. So the load will be transferred from one category of expense on behalf of the consumer to another category.

Furthermore, commercial insurance premiums are deductible for income tax purposes, although this is not permitted in the case of privately owned passenger cars, except for very small exceptions, as in the case of a traveling salesman or in a similar category.

As a result of this tax preference, commercial operators under tort are permitted to deduct about 40 percent, on the average, of their liability premium. Under S. 354, the difference between tort and no-fault premium, after taxes, would amount to $69.8 million in California, according to the record compiled by the source I have identified.

Projected over the whole United States, under S. 354, commercial operators should make a profit, a windfall, Mr. President, in the range of $700 million.

That problem is recognized. That is the reason why the Senator from Washington has proposed an amendment. However, it is clear upon analysis that the amendment will not be meaningful by way of whittling down the $700 million amount appreciably.

It should be made clear that only a small percentage of motor vehicle accidents actually exceed $5,000 in economic loss.

Moreover, the amendment by the Senator from Washington (Mr. MAGNUSON) is very carefully circumscribed. It says that it will not take in all of the trucks, but will be limited only to trucks in excess of 8,000 pounds. When we substract from the small percentage of automobile accidents which result in an economic loss of $5,000 or more, the passenger cars and also the trucks under 8,000 pounds of unladen weight, we find that the impact of the principal amendment is minimal indeed.

According to the Automobile Personal Injury Claims Study conducted by the Department of Transportation in 1969, $5,000 in benefits would cover 84.3 percent of all economic loss suffered by accident victims. That means that at most only 15.7 percent of economic loss sustained in accidents with vehicles over 8,000 pounds would be eligible to subrogation under the Magnuson amendment. This is because the amendment would allow for subrogation of the amount of loss paid in excess of $5,000.

The avowed purpose of the Magnuson amendment is to eliminate the windfall to commercial vehicle operators that is created by the elimination or reduction of subrogation. But the amendment, by application of the over 8,000 pound limitation, effectively eliminates the majority of commercial trucks from the subrogation picture.

By reviewing the material published in the Commercial Car Journal of July 1972, we learn that about 63 percent of all trucks in true commercial use weigh under 8,000 pounds. That means only 37 percent of the trucks on the highways exceed a weight of 8,000 pounds unladen. This does not consider trucks used for personal transportation, or trucks used on farms, or trucks that are so small as to be lighter than cars. Only 37 percent of commercial trucks would trigger the subrogation mechanism under the pending amendment.

Thus, the combined restrictions of 8,000 pounds and $5,000 serve to make the amendment incapable of making even a dent in the windfall to truckers.

Under the amendment, subrogation would take place in only about 37 percent of the accidents involving commercial trucks, and then only for 15.7 percent of the economic loss incurred. This means subrogation of only 6 percent of the losses involving commercial trucks and elimination of only 6 percent of the windfall to truckers.

When we put that windfall benefit in the range of $700 million, that is not much of a concession.

It is for that reason that I speak on behalf of the amendment advanced by the Senator from Kentucky. Its language is more equitable. It will get right at the crux of the matter and put it in the paying column commensurate with the benefits they get and commensurate with the principle of equitable financing of any system of insurance. Certainly, if we are going to have no-fault insurance, it should be included.

It is no secret that this Senator is opposed to Federal no-fault insurance. It belongs in the States in the first place. That is where it should stay. However, this amendment would put this particular aspect of the problem, namely, to get rid of the windfall for truckers, in the hands of each State, and they would be guided by the circumstances, the facts, the statistics, the risks, and the payout of their policies in their own particular State. That makes sense.

It is my hope that the amendment of the Senator from Kentucky will be approved.

The PRESIDING OFFICER (Mr. HASKELL). The Senator from Utah is recognized.

Mr. MOSS. Mr. President, I have listened to the remarks of the Senator from Nebraska concerning what he considers to be the unfairness of using the designation of 8,000 unladened. Although I do not agree fully with him on that point, I do agree with his ultimate conclusion that the amendment of the Senator from Kentucky makes it even more clear and fully flexible to the State by giving an expanded definition of motor vehicle that may be excluded from the requirements that are placed on those who drive private passenger motor vehicles under the bill we are considering.

It is the unfairness of the interinsurer subrogation that the committee has been very much concerned about.

There are not many people who have analyzed and understand the interinsurer subrogation.

THE UNFAIRNESS OF INTERINSURER SUBROGATION

What is "interinsurer subrogation?" It is the process whereby fault determinations are removed from the consumer level but preserved at the insurance company level. If A and B are involved in an auto accident, A's insurance company pays A without regard to fault and B's insurance company pays B. Then A's insurance company and B's insurance company determine whether A or B was at fault. If A was a fault, A's insurance company pays B's insurance company an amount equal to what B's insurance company paid B, and conversely.

Why is "interinsurer subrogation" unfair? The cost of insurance is distributed in such a way as to cause good low-income drivers to subsidize good high-income drivers. The low-income person or retired person pays more for insurance than is fair considering what each is entitled to receive.

NO-FAULT WITH INTERINSURER SUBROGATION

Good driver A who earns $60,000. Good driver B who earns $5,000. Both are good drivers who live in the same territory,

drive similar cars similar distances. Both pay the same for their insurance because cost based upon average loss of average person in community, for example, $15,000.

But if both are insured and lose 1 year of wages, Driver A receives $60,000 and driver B receives only $5,000.

Driver B has subsidized driver A because both have paid the same for their insurance—both have contributed equally to the insurance pool—but driver A receives a far greater amount from that pool if he is injured.

No-fault with interinsurer subrogation would be like life insurance where two healthy people the same age paid the same for a life insurance policy but A received $60,000 worth of protection and B received only $5,000 premium worth of protection.

NO-FAULT WITHOUT INTERINSURER SUBROGATION DOES NOT MEAN THAT THE GOOD DRIVER PAYS FOR THE LOSSES OF THE BAD DRIVER

The good drivers' rates will be lower than the bad drivers' rates under a no-fault plan which prohibits interinsurer subrogation.

Rates would be based on such factors as: First, territory; second, miles driven; third, amount of loss likely to be sustained; and fourth, likelihood of sustaining loss.

A high-income driver would have a relatively high loss likely to be sustained but a low likelihood of sustaining such loss—because he is a good driver.

A low-income bad driver would have a relatively low loss likely to be sustained but a high likelihood of sustaining loss.

Thus, the low-income bad driver would have to pay more for his insurance than the high-income good driver—but the low-income good driver would pay less than the high-income good driver.

An analogy illustrates this principle. Suppose fire insurance is purchased for a $50,000 home and a $15,000 home. All else being equal, the $50,000 howeowner would pay more for the fire insurance. But suppose the $50,000 home is brick, and located in the suburbs a block from a fire station and suppose the $15,000 house is of a frame construction and located in the inner city where fire protection is spotty. It would not be unreasonable to assume that given the above suppositions the $15,000 homeowner would pay more for his fire insurance than the $50,000 homeowner, assuming the fire insurance was even available.

That is the reason why this is excluded from the amendment offered by the Senator from Washington (Mr. MAGNUSON).

The amendment of the Senator from Kentucky permits the States to exclude from this provision vehicles of a type other than a private passenger motor vehicle, and by designation the State has determined that the owner of such type then receives an unreasonable economic advantage or suffers an unreasonable economic disadvantage in the absence of a grant of such right for such reimbursement.

I think such flexibility should be granted to the State. I think general interinsurer subrogation is bad. But if it is selectively applied for the specific purpose on which the State makes a finding, I think it is appropriate.

I therefore approve the amendment, and as far as the managers of the bill are concerned, we are willing to accept the amendment of the Senator from Kentucky.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky to the amendment of the Senator from Washington.

Mr. COOK. Mr. President, I thank the manager of the bill and the chairman of the Commerce Committee. I think that by this amendment we now have a better and more effective way in which to move. I hope that we may have an opportunity to discuss this proposal with our colleagues before we have a final vote on the Magnuson amendment, as amended, at, I believe, about 3 o'clock.

Mr. MOSS. That is the expectation of the manager of the bill. If a rollcall vote is called for—which has not yet been done—it would come somewhere near 3 o'clock.

Mr. COOK. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky to the amendment of the Senator from Washington.

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOSS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Washington, as amended.

Mr. MOSS. Mr. President, I have some comments to make that really go to the amendment and to the bill as a whole. In view of the understanding that we will not finally dispose of the amendment until 3 o'clock, I propose to make some of those remarks now. In the meantime, if a Senator comes to the Chamber with an amendment, we will try to arrange it so that he can call up his amendment. We are trying to move the bill along at an appropriate pace so that we can dispose of it in a logical fashion by the time set in the unanimous consent agreement for a vote on final passage at 3 o'clock, as I recall, this coming Wednesday.

Mr. President, it has often been said that the bill before us is not entirely fair to all of our citizens. I think that this is a misunderstanding. And I think it is particularly of value that we have no fault insurance so far as our elderly senior citizens are concerned.

SENIOR CITIZENS NEED NO-FAULT

Opponents of S. 354 have asserted that the National No-Fault Motor Vehicle Insurance Act discriminates against retired persons, and because of the complexity of the subject some well-meaning people have been misled into believing this canard.

S. 354 would provide the retired person and the senior citizen a real break. It may be one of the most important pieces of legislation for the economic well-being of the aged to be developed in this Congress.

The reason why the bill is so advantageous is because it will reduce insurance premiums for the average retired person by a tremendous amount. Today, the senior citizen must buy automobile liability insurance and the premium for that insurance is determined on the basis of the average medical costs and wage loss of the average person in the community. Since the average person has, by definition, higher wage loss potential than a retired person, and since the average person will be forced to incur higher medical expenses than a person who is entitled to medicare benefits, it follows that the senior citizen is today forced to pay out a lot more for automobile insurance than he can ever get back in the form of benefits. For the population generally, according to the DOT study, only about 44 cents comes back as benefits for every $1 paid in as premiums. The senior citizens of America are not getting back even 44 cents out of the premium dollars they can so ill afford to waste.

Under S. 354, the retired person would merely be required to pay a premium based upon the amount of loss he personally—or members of his immediate household—would incur in the event of an accident. Because he has no wage loss, and because a large portion of his medical expense would be covered by medicare, his loss exposure would be very small. Therefore, his automobile insurance costs would be substantially less than those under the present automobile insurance system.

Let me respond to the allegations that have been made to the effect that S. 354 is bad legislation for the elderly:

Opponents argue that millions of retired persons in States which they have already enacted some kind of no-fault program will be required to pay more for their automobile insurance. That argument is incorrect. Most of those States have eliminated fault determinations at the consumer level but permit fault determinations at the insurance company level. As a result, the rates for retired persons are established on the basis of the loss of the average person in the community. In other words, the retired person whose losses would be minimum is required to subsidize his more affluent neighbor. This, of course, is not the case under S. 354 where subrogation between insurance companies is not permitted.

Opponents also allege that private passenger automobile owners will subsidize the losses caused by commercial vehicles. This is not the case. Under S. 354 the State is given the option as to whether or not to provide adjustments between commercial vehicle rates and private passenger automobile rates by establishing loss shifting on the basis of weight, for example. An amendment will be offered to permit this kind of reimbursement on a fault basis.

There is no discrimination between retired persons and other persons with respect to the prohibition against bringing lawsuits for noneconomic detriment

or the deductible on any recoveries for noneconomic detriment when lawsuits are permitted under the bill. The purpose of the deductible is to insure that even those injuries described as serious are, in fact, serious enough to produce losses in excess of $2,500.

It should be pointed out that actuarial studies by the independent firm of Milliman & Robertson, Inc., have disclosed that the costs would go up substantially if the prohibition against lawsuits in S. 354 were modified in any substantial way. This increase in premiums would be particularly detrimental to a retired person on fixed income.

In sum, S. 354 is extremely beneficial to retired persons. This explains why the American Association of Retired Persons have been so vigorous in their support of the bill.

"NO-FAULT DISCRIMINATES AGAINST THE POOR" RESPONSE

Mr. President, it has also been alleged that the no-fault bill discriminates against poor people. A persistent effort has been made during the years that this bill and its predecessors have been pending in the Senate to label no-fault insurance as discriminatory against the poor. This is just not so. It is most emphatically not true as to S. 354 as favorably reported by both the Committee on Commerce and the Committee on the Judiciary.

S. 354 insures, as a national standard, that automobile insurance will be available—

> To any economically disadvantaged individual, at rates as determined by the State, which shall not be so great as to deny such individual access to insurance which it is necessary for him to have in order to earn income and to be or remain gainfully employed" (Sec. 105(a)(5)).

Opponents apparently have told poor people who are currently driving without insurance that, because S. 354 requires every owner of a motor vehicle, as a national standard, to buy insurance, the effect of enactment will be to force them to choose between giving up the right to drive or driving illegally. The assertion is false in view of the provision requiring the plan—which each State must establish and implement or approve and supervise—to make no-fault coverages available at a rate which they can afford. Any other policy would be shortsighted; to take away an automobile needed for employment because of inability to pay insurance premiums would just increase the welfare rolls and that is certainly not the intention of either of the committees that have reported favorably this legislation.

Automobile insurance is not available on this basis under the present system. It can be very hard under the present system for a person with a low income or who belongs to a minority group to obtain automobile insurance coverage, and when he does, it is often after payment of a terrific surcharge in addition to the regular premium. People in lower economic strata are far more apt to have their auto insurance policies, once issued, canceled or not renewed than are people in more fortunate economic strata. The behavior of the marketplace under the present system does discriminate against the poor, by forcing them too often to choose between driving without insurance coverage or to use their limited resources to obtain coverage at astronomically high rates from the State assigned risk fund. S. 354 is designed to eliminate such abuses. The bill has a tough provision prohibiting most cancellation, refusal to renew, or other termination except for nonpayment or loss of license, section 105(b).

RESPONSE TO ARGUMENT THAT S. 354 BENEFIT LEVELS ARE TOO HIGH

In addition, Mr. President, there is the criticism that S. 354 benefits are too high. I should like to address myself to that for a moment.

MINIMUM BENEFIT LEVELS REQUIRED BY S. 354

S. 354 requires a State enacting a no-fault plan in compliance with minimum Federal standards to provide that each owner of a motor vehicle purchase an insurance policy—or provide proof of self-insurance—which provides protection against all medical and rehabilitation losses, per-month wage loss up to at least $15,000, and replacement services and survivors' losses up to limits which the State determines to be reasonable.

THE MINIMUM BENEFIT LEVELS REQUIRED BY S. 354 ARE REASONABLE

Opponents of S. 354 argue that the benefit levels required in S. 354 are unreasonably high because they exceed those established in some existing State no-fault plans and because they reason that some States should be free to set low levels of benefits if they so choose.

There are several responses to these contentions.

COVERAGE OF SERIOUSLY INJURED NECESSARY

A principal criticism of the present liability-based automobile insurance system is that it does not provide adequate compensation for the seriously injured automobile accident victim, whether or not that victim has a valid lawsuit. The Department of Transportation study of the present automobile compensation system disclosed that an automobile accident victim sustaining economic loss in excess of $25,000 recovered from all sources of compensation on average 30 percent of his loss, if he had a valid lawsuit, and 30 percent of his loss if he had no lawsuit. While a plan of no-fault automobile insurance reform providing first party benefits and restricting lawsuits represents an improvement over the present liability-based automobile insurance system, it does not correct a major deficiency of the present system unless the no-fault benefit levels are high enough to take care of most seriously injured automobile accident victims. The benefit levels prescribed for State no-fault automobile insurance reform plans in S. 354 would take care of the seriously injured automobile accident victim. Each and every automobile accident victim would be fully compensated for his medical and rehabilitation expenses. Supporters of S. 354 are in agreement with the governments of Michigan and New Jersey, which provide for unlimited medical and rehabilitation coverage for their citizens involved in automobile accidents. As Commissioner James J. Sheeran of New Jersey recently explained in a letter to Senator CASE:

> The New Jersey no-fault statute was the first to provide for unlimited medical expense coverage. This action was not taken lightly. The automobile study commission established by the governor and the legislature had available actuarial advice from which it concluded that the difference between a limited medical expense coverage and one without limitation would not have a significant effect upon the overall cost of the no-fault insurance coverage. It was the legislature's decision that the minute increase in cost overall that may result from a few accidents requiring substantial medical expense would not justify depriving the few unfortunates suffering unusually severe injuries of full availability of necessary medical and rehabilitation services.

It is reasonable to provide as a minimum Federal standard the requirement that all States provide unlimited medical and rehabilitation coverage. Commissioner Sheeran has cogently stated why it makes sense to establish this as a minimum Federal standard. Who, after all, would argue that the first $1,000 of a person's medical cost should be compensated under a national health insurance plan, while a catastrophic loss is left uncompensated?

Furthermore, a comprehensive rehabilitation program not only can restore the automobile accident victim to a useful and productive life, it can produce overall cost savings for the automobile insurance system. By restoring the automobile accident victim in as short a time as possible, less dollars have to be paid for wage loss or replacement services loss.

A comprehensive medical protection program which fully pays for modern emergency medical services can also have a beneficial impact upon the Nation's death rate. A recent study of highway fatalities in rural Vermont found that:

> 23 percent . . . died of probably survivable injuries due to problems throughout the emergency care system,

And that—

> Almost half of those who were taken from the scene of the accident alive but died afterwards died of injuries that were either definitely or possibly survivable. (See Senate Commerce Committee Report on S. 354, as reprinted in the Senate Judiciary Committee's Report on S. 354, at page 112).

The minimum required wage loss protection of $15,000 represents the average wage loss of those most seriously injured automobile accident victims. Thus, wage loss protection of $15,000 would assure that approximately 98 or 99 percent of all wage loss resulting from automobile accidents would be compensated. In addition, $15,000 of wage loss protection would insure families of seriously injured automobile accident victims that they would not have to go on welfare or sell their homes. Nor would the low-income automobile accident victim who has sustained severe injuries be forced to settle low with the insurance company or the negligent driver who had caused him noneconomic detriment for which a lawsuit could be brought under S. 354.

An analysis of the average level of medical and rehabilitation expense and wage loss protection provided in existing State no-fault plans discloses that S. 354 is not substantially out of line with such

averages. The average medical expense protection for the 14 State no-fault plans is $23,714. The average wage loss protection is $9,314. These figures were calculated by adding up the medical and rehabilitation expense protection of each of the plans, and dividing by 14. It was assumed that the unlimited medical and rehabilitation plans of New Jersey and Michigan had actual values of $100,000. Where a State no-fault plan lumped together recovery for wage loss and medical expense protection, the medical expense protection was calculated to be one-half of the total protection. The wage loss calculations were made in an identical fashion.

Therefore, it appears that the unlimited medical and rehabilitation expense recovery is not only justified but actually is economic and will have an advantageous effect on citizens who drive motor vehicles on the highways of this country and that overall there will be savings in premiums and no undue cost.

Mr. President, although I have more, I would hope that perhaps there might be other Senators who would come in with amendments and I therefore suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HELMS). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MOSS. 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. MOSS. Mr. President, my understanding now is, from discussion with Senators who have generally been in opposition to the bill, that there is no objection now to the amendment before us as it was amended by the Senator from Kentucky. Therefore, at this point, I move adoption of the Magnuson amendment as amended.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MOSS. 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. MOSS. 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. MOSS. Mr. President, I send to the desk an amendment, and I ask that the amendment be printed. It is offered on behalf of myself and the Senator from Washington. I am not positive that I will call up this amendment tomorrow, but I do want it at least available on the desk for Senators, for consideration when we discuss this bill further. That is my reason for offering the amendment today. I will not call it up today.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. MOSS. 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. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

PENDING BUSINESS (S. 354) LAID ASIDE TEMPORARILY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that under the agreement previously reached last week, the pending business be laid aside temporarily.

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

AUTHORIZATION OF APPROPRIATIONS UNDER THE INTERNATIONAL ECONOMIC POLICY ACT OF 1972

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 746, S. 2986, and that it be laid before the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

S. 2986, a bill to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended.

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the immediate consideration of the bill.

The Senate proceeded to consider the bill which had been reported from the Committee on Banking, Housing and Urban Affairs with an amendment to strike out all after the enacting clause and insert:

That section 210 of the International Economic Policy Act of 1972 is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 210. For the purpose of carrying out the provisions of this title, there are authorized to be appropriated not to exceed $1,581,000 for the fiscal year ending June 30, 1975, and not to exceed $1,750,000 for the fiscal year ending June 30, 1976.".

Mr. MANSFIELD. Mr. President, it is my understanding that Senators MUSKIE, STEVENSON, and JOHNSTON will be ready to initiate debate on the pending legislation at the hour of 3 o'clock; that an amendment will be offered; but, if my memory serves me correctly, there will be no vote on that amendment today. So I assume we could consider the rest of the afternoon to be educational in outlook.

RECESS UNTIL 3 P.M.

Mr. MANSFIELD. Mr. President, therefore, I ask unanimous consent that the Senate stand in recess until 3 p.m., and at that time the Senator from Maine (Mr. MUSKIE) or I be recognized.

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

Thereupon, at 2:27 p.m., the Senate took a recess until 3 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HELMS).

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 9492. An act to amend the Wild and Scenic Rivers Act by designating the Chattooga River, North Carolina, South Carolina, and Georgia as a component of the National Wild and Scenic Rivers System, and for other purposes; and

S. 2771. An act to amend chapter 5 of title 37, United States Code, to revise the special pay bonus structure relating to members of the armed forces, and for other purposes.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. ABOUREZK).

The message also 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. 11793) to reorganize and consolidate certain functions of the Federal Government in a new Federal Energy Administration in order to promote more efficient management of such functions.

AUTHORIZATION OF APPROPRIATIONS UNDER THE INTERNATIONAL ECONOMIC POLICY ACT OF 1972

The Senate continued with the consideration of the bill (S. 2986) to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended.

HEALTH CARE AND STANDBY WAGE-PRICE CONTROLS

Mr. MANSFIELD. Mr. President, pending the arrival of the distinguished Senator from Illinois (Mr. STEVENSON) who will manage the bill which is now before the Senate because it comes out of the Committee on Banking, Housing and Urban Affairs, I should like to make a few observations and, if I may, direct some questions to the distinguished Senator from Louisiana (Mr. JOHNSTON) relative to the health care program and its application.

First, let me say, to put the economic picture starkly and bleakly, the dollar overseas is down and down to its lowest point since last November.

Our trade balance is down.

The stock market is down.

The gross national product is down—around 5 percent or a little bit more.

Unemployment is down, from 5.2 to 5.1 percent, but that is a good sign.

Productivity is down by 5.5 percent.

Interest rates are up. The prime rate now in a number of banks stands at 11 percent.

Inflation, from March 1973 to March 1974, amounted to 10.5 percent. For the first 3 months of this year, January, February, and March, the inflationary figure is 14.5 percent—and going up.

These facts indicate the position in

which the United States economy finds itself at the moment.

Mr. President, I think that will serve as an introduction to the question which I am about to propound to the distinguished Senator from Louisiana. It has to do with health care and wage and price control. As a sponsor of the Muskie-Stevenson-Johnston amendment, which is designed to place wage and price controls on a standby basis, I should like to take this opportunity to clarify the situation which is of great concern to many of my constituents in Montana and others throughout the Nation—a concern regarding the status of health care.

Hospitals and nursing homes are deeply concerned that many administrative regulations and legislative action continuing controls over the health care industry but, at the same time, decontrolling many other aspects of our economy, will have a serious and economically disastrous effect.

Many of these institutions are finding it extremely difficult to operate when they are forced to accept increases in the cost of supplies, drugs, equipment, and salaries, but they are not permitted to pass directly these increases in their patients' charges. Under any reasonable system, there is just no way that this can go on too long without many of the facilities going into bankruptcy or shutting down entirely.

I also understand the general philosophy behind health-care cost increases. This is an area in which the consumer has little choice.

It is my understanding that as of midnight on Tuesday, April 30, all controls will be taken off health care and other economic areas in the same category at the present time. Is that a correct statement?

Mr. JOHNSTON. That is correct.

Mr. MANSFIELD. It is my further understanding that the legislation now being considered would apply only to those sectors of the economy that the President and the appropriate agency would decide should be controlled. Is that correct?

Mr. JOHNSTON. Well, it goes a little further than that, in that it relates only to those sectors of the economy in which there is serious inflation and in those sectors in which that serious inflation produces serious hardship or serious deprivation and in which the imposition of controls would not produce an untoward lessening in supply.

Mr. MANSFIELD. The basis, then, on which the President and/or the agency could act would be for reasons of:

First, severe inflation in the economy as a whole, in a particular sector of the economy. Furthermore, these standards would apply to all sectors of the economy and the President and/or the appropriate agency would have to make an affirmative decision before it could go into effect;

Second, serious inflation in an economic sector which, in the absence of controls, would lead to severe hardship or deprivation; and

Third, that the need for controls to moderate that hardship or deprivation outweighs the possible adverse supply consequences of controls.

That is the basis, then, on which the President and/or the agency so designated to carry out the elements of this act, if it becomes law, would be guided by?

Mr. JOHNSTON. That is correct.

Mr. MANSFIELD. I have usually supported wage and price controls for all, if it was deemed necessary, but I believe we must cautiously approach selective controls. Any counsel that the distinguished Senator or members of the Banking Committee might offer the administrators of the hospitals and nursing homes would be most appreciated. I think the first thing we could say is that along with the rest of this act, controls will be taken off the public health sector tomorrow at midnight.

Mr. JOHNSTON. That is correct. I would further say to the distinguished majority leader with respect to health care, that the triggering tests for controls do not involve anticipatory inflation. In other words, the test requires that there be serious inflation in the economy as a whole, that there be actual serious inflation in the particular sector involved. The fact that inflation may occur at some point in the future is not sufficient unto this bill to trigger the controls. The testimony we heard in the Subcommittee on Production and Stabilization, at least from the people in the health-care industry, indicated there was not now that kind of inflation in the health-care industry.

What the administration stated was that it feared inflation would result from the removal of controls. So I would say to the distinguished majority leader that anticipated inflation is not sufficient to meet the test. It must be actual inflation.

I would also say with respect to health care that they are treated alike with all the other sectors of the economy. We are not singling out health care as did the bill the administration initially introduced.

With respect to cost passthrough, I would simply point out that controls, first of all must be daily administered under section 205 of the bill. A provision which improperly or unreasonably would not permit cost passthrough would be inequitable and unreasonable.

Second, the bill requires that the effect on supply would be taken into consideration by the President and that any regulations which unduly restrict supply are not to be implemented by the President.

Mr. MANSFIELD. I thank the distinguished Senator from Louisiana. I feel that this will give encouragement to the health-care area. It is understood that there will be no special or selective consideration given to the health-care area and that it will be treated on the same basis as other economic areas and segments of the economy and that all controls will expire, unless something is done, at midnight, April 30, 1974.

Mr. JOHNSTON. That is correct.

Mr. MANSFIELD. I thank the Senator and apologize to the Senator from Illinois (Mr. STEVENSON) for bringing up this question at this time.

Mr. HUDDLESTON. Mr. President, to reiterate what the distinguished majority leader has just pointed out, controls still exist on medical services, including hospitals and nursing homes. The health care industry has for some months been caught in a squeeze because of these price controls, which will expire at midnight tomorrow. And, that expiration will enable all segments of the economy to be treated equally.

Would not the pending bill, however, authorize the President to discretionarily reimpose such controls for a period of 30 days after enactment as he so desires?

Mr. JOHNSTON. That provision has been taken out of the bill.

Mr. HUDDLESTON. It has been deleted?

Mr. JOHNSTON. Because of the concern of the Senator from Kentucky and the distinguished majority leader relative to this 30-day provision, that has been taken out of the amendment that Senators MUSKIE, STEVENSON, and I will shortly introduce. No controls may be imposed in any sector unless findings are made with respect to that sector.

Mr. HUDDLESTON. As to the question of findings, there is some language in the amendment to be introduced which may lead to different interpretations. I refer to that language which calls for a determination as to whether serious inflation exists or if serious hardship might prevail. What is the description that the Senator would attach to the term serious inflation?

Mr. JOHNSTON. We gave a great deal of thought to the question of definition, as to how far to go. On the one hand, we were tempted to put in some guidelines, some percentages of inflation or other concrete figures. But as we analyzed it, we realized that profit percentages, for example, in the food retailing industry are traditionally very small, so that a 3-percent profit in retail food is a big profit; whereas, a per unit profit of 25 percent in furniture is not considered to be a high profit. So it was very difficult—in fact, we thought impossible—to come out with any meaningful concrete guidelines stated in numerical figures. We thought the best we could do was to make very strong tests—serious inflation, serious hardship, serious deprivation—and leave it to the President, within the guidelines, to exercise that discretion.

I might say in that respect that it is very much like the Export Administration Act, which has the same kind of generalized language but has always been strictly construed by the administration.

There is always, of course. the chance that the law may not be obeyed. But we think that the meaning of serious inflation, serious hardship, and serious deprivation is sufficiently clear and sufficiently strong so as to be a real deterrent to the promiscuous use of the authority under this bill.

Mr. BROCK. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON. I yield.

Mr. BROCK. I wonder whether the Senator from Louisiana would not be the first to admit that with the language in his amendment, and given the statement of the administration, the statement of the Cost of Living Council Di-

rector, Mr. Dunlop, as to the existence of serious inflation and the existence of the serious impact on people of the health care industry, there should be no question in the Senator's mind that if his amendment is adopted, wage and price controls would be continued on that profession. I think that is the real answer to the question the Senator is seeking.

Mr. JOHNSTON. I have an answer to that; but in deference to the Senator from Illinois, who must catch a plane and get to New York, if we may have the pending measure submitted and then have a short statement on it, I will then address myself to that question.

THE NEED TO CONTINUE STANDBY CONTROLS

Mr. ROBERT C. BYRD. Mr. President, the authority giving the President broad standby powers to control wages and prices will expire at midnight, April 30. In recent weeks the Congress has been bombarded with requests that this authority be allowed to expire. Given the precarious state of our economy today, I strongly believe that this is one time that the Congress should take an action which may not be an altogether popular one. In my view, we have no alternative but to continue to give the President the standby powers he may need in combating the double digit rise in prices we are experiencing today. In essence, this means that we should take immediate action to extend the Economic Stabilization Act of 1970, as amended, for at least 6 months or perhaps through the remainder of this year.

My position is based on two matters of concern which I have not been able to resolve to my satisfaction.

First, the so-called consensus forecast for 1974 calls for a continuing sharp rise in prices for the first two quarters of this year, and a considerable moderation in price pressures during the second half of the year. This forecast is based largely on the hope that the prices of food and petroleum will cease to rise sharply in the second half of 1974. So far we have no concrete evidence that this will be the likely outcome. And based on the record of 1973, it is clear that we can place little faith in consensus forecasts when it comes to projecting the outlook for prices.

In early 1973 both Government and private forecasters, you will recall, were generally agreed that prices measured by the GNP price deflator—the broadest measure of price movements in the economy—would increase by about 3 percent in 1973. The evidence shows that none of these forecasters came close to anticipating what actually happened. The GNP deflator actually increased by 5.3 percent. And for the first quarter of 1974, we have just learned the unhappy news that the deflator rose by an annual rate of 10.8 percent, seasonally adjusted, which marks the most inflationary rise in the general level of prices in over two decades.

Moreover, we must take into account the fact that this sharp rise in prices was accompanied by a 5.8-percent drop in the Nation's real output—the sharpest decline since the 9.2-percent plunge recorded in the first quarter of 1958, a recession year. Thus, could it be then that our economy is in the process of entering another period of "stagflation" similar to that experienced during 1970 when prices continued to rise sharply despite growing slack in the economy and rising unemployment? Right now it appears that this could be the case.

So given the experience of the past year and the uncertain outlook for the balance of 1974, I have come to the conclusion that April 30 is not the appropriate time to allow standby control authority to lapse.

Second, given the very distinct possibility of an appreciable surge in prices after April 30 if controls are lifted completely from the economy—with the exception of petroleum—it should be readily apparent that decontrol should be gradual rather than sudden. On February 6 of this year, Director John Dunlop of the Cost of Living Council outlined in considerable detail the council's plans for decontrol. In an attempt to spread out and reduce the expected bulge in wages and prices after April 30—the administration's target date for decontrol of most sectors of the economy, except for petroleum, health care and construction—the council has been in the process of decontrolling most industries in exchange for certain inflation reducing commitments which would remain in force for a period following the termination of mandatory controls. Basically, these commitments have included:

Price restraint by companies, for as long as 6 months.

Pledges of production increases, if possible, through reactivation of marginal or discontinued operations, as well as commitments for capital expansion, with regular reports on expansion filed to the council.

Diversion of supply from foreign to domestic markets.

Procedures to encourage greater labor-management cooperation concerning common economic and industrial relations problems.

Provision for better industry statistics, with greater disclosure of information in order to monitor agreements as well as improve the overall government data base for economic analysis.

Consequently, if the Congress should allow the controls authority to expire on April 30, these decontrol commitments will immediately become null and void, thereby canceling out the effects of the painstaking efforts taken by the Council to provide for an orderly transition from mandatory economic controls. To me this course of action would be irresponsible. Instead, despite the unpopularity of the controls issue, the Congress should "bite the bullet" and take immediate action designed to give the President the appropriate powers needed to: First, effectively monitor all decontrol commitments; second, continue controls on certain sectors of the economy after April 30; and, third, reapply mandatory controls, if necessary, on those sectors that fail to live up to their decontrol commitments.

Mr. President, in making these observations, I do not wish to convey the impression that I am a fan of controls. I am a firm believer in the free enterprise system. Under normal conditions wages and prices should be governed by the discipline of free market forces. However, it should be abundantly clear that the economy is not today operating under normal circumstances. I am concerned about the uncertain outlook for prices for the balance of this year. I am also equally concerned about the prospect for a tremendous surge in prices, if wage and price controls are terminated by Congress on April 30. We are well along in the process of decontrolling the economy. However, this process cannot be effectively completed if we in Congress simply walk away from the controls issue on April 30.

In my judgment, standby authority should be extended now, so that the "club in the closest" will be available for the President to use it to protect middle- and low-income wage earners, retirees, social security annuitants, and persons living on small fixed incomes. Whether the President would use the "club," would be his decision based on circumstances we cannot foresee at the moment. But at least, it would be available to him.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. STEVENSON. Mr. President, what is the pending business?

The PRESIDING OFFICER. S. 2986.

Mr. STEVENSON. I yield to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that my legislative assistant, Ed Kemp, be allowed the privilege of the floor during the consideration of this bill.

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

Mr. STEVENSON. Mr. President, I yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I ask unanimous consent that my assistant, Thomas Carter, be allowed the privilege of the floor during the consideration of this bill.

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

Mr. STEVENSON. I yield to the Senator from Tennessee.

Mr. BROCK. Mr. President, I ask unanimous consent that the following three members of the minority staff of the Committee on Banking, Housing and Urban Affairs be allowed the privilege of the floor during the debate on this bill: Howard Beasley, Thomas Cluff, and Patten Alshire.

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

Mr. STEVENSON. I yield to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that Stanley Marcuss, Jack Weiss, and Reid Feldman be allowed the privilege of the floor during the consideration of this measure.

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

Mr. STEVENSON. Mr. President, S. 2986 authorizing appropriations for the Council on International Economic Policy—CIEP—for the next 2 fiscal years. The current authorization expires on June 30 of this year.

As reported by the Banking Committee, S. 2986 would authorize $1.58 million for fiscal 1975 and $1.750 million for fiscal 1976. These levels are up from the $1 million authorized for fiscal year 1973 and $1.376 million for fiscal 1974, but down from CIEP's projected expenditure of $1.8 million for fiscal year 1975.

S. 2986 as introduced would have authorized appropriation of "such sums as may be necessary" until expiration of the International Economic Policy Act of 1972. Under current law, that act does not expire until June 30, 1977. Therefore, as introduced, S. 2986 would have granted unlimited authorization for the next 3 years beyond that if the act was extended.

Hearings on S. 2986 were held in the subcommittee on International Finance in March of this year. At that time, particular attention was given to the contents of its annual report and to the CIEP plays in formulating and coordinating U.S. international economic policy.

After considering all the factors the committee concluded that there was no justification for unlimited authorizations and that to grant them would deprive Congress of its legislative oversight responsibilities.

CIEP is a new organization. It was established by Executive order in 1971 and was not given a statutory base until less than 2 years ago. Last year, a major change occurred in its anticipated functions with the transfer of responsibility for trade negotiations to the Office of the Special Trade Representative.

The role which CIEP plays in any administration will vary. It will depend on such factors as the nature and importance of the issues confronting the Nation and the power and personalities of the individuals charged with responsibility for dealing with them.

CIEP is composed of executive branch officers at the highest level. They include the President, the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Defense, the Secretary of Commerce, the Secretary of Labor, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, and the Special Representative for Trade Negotiations. With a membership composed of such officials, CIEP's importance, the role it plays, the influence it exercises, and, hence, the amount of staff and other resources it needs will depend on the importance the President assigns to it and the extent to which officers of the executive branch choose, or are directed, to invoke its coordinating mechanism. This will vary from time to time.

It is, therefore, incumbent on the Congress, through its legislative committee, to continue the exercise of its oversight responsibilities on a regular and systematic basis. For this reason, the committee rejected unlimited authorizations of unlimited duration.

As to the amount authorized, the committee believes that $1.581 million for fiscal year 1975 and $1.750 million for fiscal year 1976 are adequate to permit CIEP to continue its work, fulfill the responsibilities contemplated for it by the Congress, and meet increased expenditure requirements necessitated by law and increased costs. The committee does not believe that additional staff and consultants are needed for this purpose. It, therefore, does not intend the increase over last year's $1 million level to be used for additional professional staff or personnel during the next fiscal year but due instead for projected increases in operating expenses for such items as rent to the General Services Administration, printing, supplies, equipment, and other services. The sum authorized is adequate for these purposes. It will be time enough when CIEP is again before the Congress to determine if its responsibilities justify an expansion in staff.

Mr. President, the Council on International Economic Policy is intended to serve an important and useful function. S. 2986 as reported to the Senate by the Banking Committee will permit it to do so. It will also preserve Congress oversight and review responsibility while insuring CIEP adequate resources.

AMENDMENT NO. 1229

Mr. MUSKIE. Mr. President, pursuant to the discussions and negotiations that have taken place during the last few days, at this point I send an amendment to the desk on behalf of myself, Senator STEVENSON, and Senator JOHNSTON.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD, together with a fact sheet.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment and fact sheet will be printed in the RECORD.

The amendment is as follows:

At the end of the bill, add the following:

TITLE II: COST OF LIVING ACT OF 1974

SEC. 201. This title may be cited as the "Cost of Living Act of 1974".

FINDINGS AND PURPOSES

SEC. 202. It is hereby determined that inflation poses a danger to the economic well-being of the Nation, and that in order to constrain domestic inflation, the Federal Government should have a continuing concern with the rate of inflation, supply, industrial capacity and means of increasing productivity. To contribute to the moderation of inflation, it is the purpose of this title to authorize the President to monitor public and private economic activity, and stabilize prices, rents, wages, salaries, dividends, and interest while providing for the orderly termination of economic stabilization controls and enforcement of decontrol commitments.

PRESIDENTIAL MONITORING AUTHORITY

SEC. 203. To carry out the purposes of this title, the President shall—

(1) review the programs and activities of Federal departments and agencies and the private sector which may have adverse effects on supply and cause increases in prices and make recommendations for changes in such programs and activities to increase supply and restrain prices;

(2) review industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups concerned and appropriate governmental agencies to encourage price restraint;

(3) improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint;

(4) conduct public hearings when appropriate to provide for public scrutiny of inflationary problems in various sectors of the economy;

(5) focus attention on the need to increase productivity in both the public and private sectors of the economy;

(6) monitor the economy as a whole, including such matters as wages, costs, productivity, prices, sales, profits, imports, and exports; and

(7) conduct a continuing review of the effect of economic concentration and anticompetitive practices on price and wage inflation and recommend legislation and other appropriate action to reduce the impact of such concentration or practices on inflation.

ENFORCEMENT OF DECONTROL COMMITMENTS

SEC. 204. Notwithstanding the expiration of the Economic Stabilization Act of 1970, as amended,

(1) any commitment made or given as a condition of, in connection with, in exchange for, or in the course of decontrol or the grant of other relief from or under such Act, prior to May 1, 1974, shall continue in full force and effect; and

(2) the authority and provisions of sections 203 (relating to Presidential control authority), 208 (relating to sanctions), 209 (relating to injunctions and other relief), and 211 (relating to judicial review) of that Act (as in effect on April 30, 1974) may be invoked against, and shall apply to, any person who violates any commitment made or given as a condition of, in connection with, in exchange for, or in the course of decontrol or the grant of other relief to such person from or under such Act, prior to May 1, 1974.

ORDERLY DECONTROL AND STANDBY CONTROL AUTHORITY

SEC. 205. (a) The President is authorized to issue such orders and regulations (hereinafter "controls") as he deems appropriate, accompanied by a statement of reasons for such orders and regulations, to—

(1) stabilize prices, rents, wages, and salaries at levels not less than those prevailing on April 24, 1974, except that prices may be stabilized at levels below those prevailing on such date if it is necessary to eliminate windfall profits or if it is otherwise necessary to carry out the purposes of this title; and

(2) stabilize interest rates and corporate dividends and similar transfers at levels consistent with orderly economic growth. Such orders and regulations shall provide for the making of such adjustments as may be necessary to prevent gross inequities, and shall be consistent with subsections (b) through (k) of this section.

(b) The President may in his discretion impose controls pursuant to this section or any person who violates a decontrol commitment.

(c) (1) The President may not impose controls pursuant to this section on any person unless the President first makes and publishes in the Federal Register the following findings, together with the reasons therefore:

(i) that there is serious inflation in the economy as a whole;

(ii) that there is serious inflation in an economic sector, which, in the absence of such controls, would lead to severe hardship or deprivation; and

(iii) that the need for such controls to moderate such hardship or deprivation out-

weighs the possible adverse supply consequences of such controls.

(2) In making the findings required under this subsection, the President shall consider, inter alia, the following:

(A) the extent to which such inflation can be moderated by such controls without the imposition of controls over other sectors;

(B) the extent to which competition in the relevant sector moderates inflationary pressures;

(C) the extent to which such controls will limit supply in the affected sector—

(i) by causing curtailment of production or productivity or impairment of capital formation, productive capacity, or resource availability, or

(ii) by stimulating an increase in foreign demand sufficient to create or exacerbate any domestic shortages; and

(D) the anticipated period of time required for market correction of any inflation or shortage, measured in light of the seriousness of such hardship or deprivation.

(d) Orders and regulations issued under this section shall—

(1) be generally fair and equitable;

(2) provide for the making of such general exceptions and variations as are necessary to foster orderly economic growth and to prevent gross inequities, hardships, serious market disruptions, domestic shortages of raw materials, localized shortages of labor, and windfall profits;

(3) take into account changes in productivity and the cost of living, as well as such other factors consistent with the purposes of this title as are appropriate;

(4) provide for the requiring of appropriate reductions in prices and rents whenever warranted after consideration of lower costs, labor shortages, and other pertinent factors; and

(5) call for generally comparable sacrifices by business and labor.

(e) In determining the wage increases to be permitted under economic stabilization controls, or fashioning commitments under subsection (e) of this section, the President shall give consideration to the need for real earnings to keep pace with increases in the cost of living.

(f) Notwithstanding any other provisions of this title, this title shall be implemented in such a manner that wage increases to any individual whose earnings are substandard or who is a member of the working poor shall not be limited in any manner, until such time as his earnings are no longer substandard or he is no longer a member of the working poor. The President shall prescribe regulations defining for this purpose the term "substandard earnings," but in no case shall such term be defined to mean earnings less than those resulting from a wage or salary rate which yields $3.50 per hour or less.

(g) Whenever the authority of this title is implemented with respect to significant segments of the economy, the President shall require the issuance of regulations or orders providing for the stabilization of interest rates and finance charges, unless he issues a determination, accompanied by a statement of reasons, that such regulations or orders are not necessary to maintain such rates and charges at levels consonant with orderly economic growth.

(h) The authority conferred by this section shall not be exercised to preclude the payment of any increase in wages—

(1) required under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et seq.), or effected as a result of enforcement action under such Act; or

(2) required in order to comply with wage determinations made by any agency in the executive branch of the Government pursuant to law for work (A) performed under contracts with, or to be performed with financial assistance from, the United States or the District of Columbia, or any agency or instrumentality thereof, or (B) performed by aliens who are immigrants or who have been temporarily admitted to the United States pursuant to the Immigration and Nationality Act, as amended (8 U.S.C. 1101 et seq.) or

(3) paid in conjunction with existing or newly established employee incentive programs which are designed to reflect directly increases in employee productivity.

(i) For the purposes of this section the term "wages" and "salaries" do not include reasonable contributions by any employer pursuant to a compensation adjustment for—

(1) any pension, profit sharing, or annuity and savings plan which meets the requirements of section 401(a), 404(a)(2), or 403(b) of the Internal Revenue Code of 1954 (Title 26 U.S.C.);

(2) any group insurance plan; or

(3) any disability and health plan:

unless the President determines that the contributions made by any such employer are unreasonably inconsistent with the purposes of this title. Employees in all industries subject to controls under this title shall be treated equally for the purposes of this title.

(j) No State or portion thereof shall be exempted from any application of this title with respect to rents solely by virtue of the fact that it regulates rents by State or local law, regulation or policy.

(k) Nothing in this title may be construed to authorize or require the withholding or reservation of any obligational authority provided by law or of any funds appropriated under such authority.

ACQUISITION, CONFIDENTIALITY, AND DISCLOSURE OF INFORMATION

SEC. 206. (a) For purposes of carrying out this title, the President may by regulation, order, or otherwise obtain such information from, require such reports and the keeping of such records by, make such inspections of the books, records and other writings, premises, or property of, and take the sworn testimony of, and administer oaths and affirmations to, any person as may be necessary or appropriate. The authority to obtain information under this subsection or section 208 of this title does not extend to copies of disclosures to departments or agencies of the United States excepted from disclosure under subsection (b) of this section.

(b) For purposes of carrying out this title, the President may request from any department or agency of the United States, and that department or agency shall provide him, economic information except:

(1) information, the disclosure of which to another Federal agency is expressly prohibited by law, or

(2) trade secrets, commercial, financial, or demographic information which is privileged or confidential and obtained by an agency from a person for statistical or law enforcement purposes, the disclosure of which to another Federal agency would frustrate development of accurate statistics or proper law enforcement.

(c) For purposes of carrying out this title, the President may request economic information from State and local governments, including agencies and instrumentalities thereof.

DELEGATION

SEC. 207. The President may delegate the performance of any function under this title to such officers, departments, and agencies of the United States as he deems appropriate.

SUBPENA POWER

SEC. 208. The head of an agency exercising authority under this title, or his duly authorized agent, shall have authority, for any purpose related to this title, to sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, and to administer oaths. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served upon any person under the provisions of this section, the head of the agency authorizing the subpena, or his delegate may request the Attorney General to seek the aid of the United States district court for any district in which such person is found to compel that person, after notice, to appear and give testimony, or to appear and produce documents before the agency.

PERSONNEL

SEC. 209. (a) Any agency or officer of the Government carrying out functions under this title is authorized to employ such personnel as the President deems necessary to carry out the purposes of this title.

(b) The President may appoint five officers to be responsible for carrying out functions of this title, one of whom shall be appointed by and with the advice and consent of the Senate and who shall be compensated at the rate prescribed for level II of the Executive Schedule (5 U.S.C. 5313) one of whom shall be compensated at the rate prescribed for level III of the Executive Schedule (5 U.S.C. 5314) and three of whom shall be compensated at the rate prescribed for level V of the Executive Schedule (5 U.S.C. 5316). Appropriate titles and the order of succession among such officers may be designated by the President.

(c) Any member of a board commission or similar entity established by the President pursuant to authority conferred by this title who serves on less than a full-time basis shall receive compensation from the date of his appointment at the rate equal to the per diem equivalent of the rate prescribed for level IV of the Executive Schedule (5 U.S.C. 5315) when actually engaged in the performance of his duties as such member.

(d)(1) In addition to the number of positions which may be placed in GS-16, GS-17, and GS-18, under section 5108 of title 5, United States Code, not to exceed twenty positions may be placed in GS-16, GS-17, and GS-18, to carry out the functions under this title.

(2) The authority under this subsection shall be subject to the procedures prescribed under section 5108 of title 5, United States Code, and shall continue only for the duration of the exercise of functions under this title.

(e) The President may require the detail of employees from any executive agency to carry out the purposes of this title.

(f) The President is authorized to appoint, without regard to the civil service laws, such advisory committees as he deems appropriate for the purpose of consultation with and advice to the President in the performance of his functions under this title. Members of advisory committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or while otherwise serving at the request of the President may be paid compensation at rates not exceeding those authorized for individuals under section 5332 of title 5, United States Code, and, while so serving away from their homes or regular places of business, may be allowed travel expenses including per deim as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. Committees established under this title which are composed of members representative of labor and management or labor, management, and the general public to provide advice on methods of improving labor-management relations or the collective-bargaining process or assuring wage and salary settlements consistent with gains in

productivity and the goals of stabilizing the economy and facilitating development of the Nation's energy reserves are exempt from the provisions of section 10 of the Federal Advisory Committee Act.

(g) (1) Under such regulations as the President may prescribe, officers and employees of the Government who are appointed, without a break of service of one or more workdays, to any position for carrying out functions under this title are entitled, upon separation from such position, to reemployment in the position occupied at the time of appointment or in a position of comparable grade and salary.

(2) An officer or employee who, at the time of his appointment under paragraph (1) of this subsection, is covered by section 8336(c) of title 5, United States Code, shall continue to be covered thereunder while carrying out functions under this title.

EXPERTS AND CONSULTANTS

SEC. 210. Experts and consultants may be employed, as authorized by section 3109 of title 5, United States Code, for the performance of functions under this title, and individuals so employed may be compensated at rates not to exceed the per diem equivalent of the rate for grade 18 of the General Schedule established by section 5332 of title 5, United States Code. Such contracts may be renewed from time to time without limitation. Service of an individual as an expert or consultant under this section shall not be considered as employment or the holding of an office or position bringing such individual within the provisions of section 3323(a) of title 5, United States Code, section 872 of the Foreign Service Act of 1946, or any other law limiting the reemployment of retired officers or employees.

REPORTS

SEC. 211. (a) In transmitting the Economic Report required under section 3(a) of the Employment Act of 1946 (15 U.S.C. 1022), the President shall include a section describing the actions taken under this title during the preceding year and giving his assessment of the progress attained in achieving the purposes of this title. The President shall also transmit quarterly reports to the Congress not later than thirty days after the close of each calendar quarter describing the actions taken under this title during the preceding quarter and giving his assessment of the programs attained in achieving the purpose of this title.

(b) In carrying out his authority under this title, the President shall study and evaluate the relationship between excess profits, the stabilization of the economy, and the creation of new jobs. The results of such study shall be incorporated in the reports referred to in subsection (a) of this section.

(c) The President shall review and appraise the programs and activities of the departments and agencies of the United States in light of the policies set forth in section 202 of this title for the purpose of determining the extent to which those programs and activities contribute to the achievement of those policies and shall report his conclusions to the Congress in the reports required by subsection (a) of this section.

FUNDING

SEC. 212. (a) There are authorized to be appropriated to the President to remain available until expended, such sums as may be necessary to carry out the provisions of this title.

(b) The President may accept and use in furtherance of the purposes of this title money, funds, property, and services of any kind made available for such purposes by gift, devise, bequest, grant, or otherwise.

EXPIRATION

SEC. 213. The authority under this title expires at midnight April 30, 1975, but such expiration shall not affect any action or pending proceeding, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to May 1, 1975.

ADMINISTRATIVE PROCEDURE, SANCTIONS, AND JUDICIAL RELIEF AND REVIEW

SEC. 214. Sections 207 (relating to Administrative procedure), 208 (relating to sanctions), 209 (relating to injunctions and other relief), 210 (relating to suits for damages and other relief), and 211 (relating to judicial review) of the Economic Stabilization Act of 1970 as in effect on April 30, 1974, shall apply to actions taken under this title.

EFFECT ON PETROLEUM ALLOCATION ACT OF 1973

SEC. 215. For purposes of administering and enforcing the Emergency Petroleum Allocation Act of 1973, nothing in this title alters the Economic Stabilization Act of 1970 as incorporated by reference in the Emergency Petroleum Allocation Act.

EFFECTIVE DATE

SEC. 216. This title takes effect May 1, 1974.

SEVERABILITY

SEC. 217. If any provision of this title or the application of such provision to any person or circumstances is held invalid, the remainder of this title, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

MUSKIE-STEVENSON-JOHNSTON COST OF LIVING ACT

FACT SHEET

Provisions

Directs and authorizes the President to monitor inflation, and allows for the continuation of COLC-type structure.

Allows enforcement of decontrol commitments entered into under Economic Stabilization Act.

Allows imposition or reimposition of controls only if a decontrol commitment has been violated, or upon findings by the President of (1) serious inflation in the economy, (2) serious inflation in a sector which otherwise would lead to severe hardship or deprivation, and (3) a need for controls to moderate hardship or deprivation which outweighs the possible adverse supply consequences of controls.

Does not affect control authority on petroleum under Emergency Petroleum Allocation Act of 1973.

Other authority and direction to President:

Discretion to require reports and recordkeeping from private sector;

Discretion to hold public hearings;

Review and recommend changes in programs and activities of federal government and private sector;

Review and work with industry and government to encourage price restraint;

Improve economic data bases;

Focus attention on need for increased productivity; and

Review and make recommendations on economic concentration and anticompetitive practices.

Administrative and other provisions:

Delegation of functions by President;

Subpoena power;

Personnel: employment, appointment and detail;

Employment of experts and consultants;

Reports by President quarterly and in annual Economic Report;

Funding authorized "as may be necessary";

Procedural and other safeguards for control authority as in Econ. Stab. Act; and

Requires that any wage controls take into consideration cost-of-living increases.

Danger of inflation

Inflation continues to increase:

March CPI was 10.2% over its level one year ago, the highest twelve-month increase since 1948.

First quarter CPI increase was at a 13.3% annual rate.

Average real wage earnings dropped 0.9% in March, a decrease of 4.7% in the past twelve months.

Abandonment of authority to deal with inflation could produce even worse results:

Phase IV controls still cover 12% of the Consumer Price Index, 32% of the Wholesale Price Index, and 24% of the labor force.

Under Phase II inflation was 3.6%, but under Phase III prices escalated so fast a freeze was required.

Congress must take responsible and prompt action.

Importance of standby control authority, enforcement of decontrol commitments, and economic monitoring

Standby control authority (Section 5 of the Act) is necessary to avoid an inflationary bulge after April 30th, and to meet special serious inflationary problems which might arise in the next year. The findings required under the Act protect against reimposition of controls except when inflation is in fact serious, or to enforce decontrol commitments. Other provisions protect against unfair wage controls. This Act would promote an orderly transition to a free-market economy, and help to avoid the need for reimposition of comprehensive wage and price control.

Enforcement of decontrol commitments (Section 4 of the Act) would allow the Cost of Living Council (or any successor agency) to hold industry to agreements as to future pricing and policies which were entered into as a condition of decontrol under the Economic Stabilization Act.

Economic monitoring alone (Section 3 and the remainder of the Act) can provide alert to special inflation and shortage problems, long-run study of inflation and shortages, and a beneficial psychological effect on economy. No existing agency has the specialized mission or capacity for dealing with these problems.

Mr. MUSKIE. Mr. President, this amendment is the product of joint effort on the part of the distinguished Senator from Illinois (Mr. STEVENSON), the distinguished Senator from Louisiana (Mr. JOHNSTON), and myself. It is based in large part upon the legislation which they developed in the Committee on Banking, Housing and Urban Affairs for the purpose of dealing with the whole question of the transition from the economic control authority contained in the Economic Stabilization Act.

Because they have devoted this kind of attention to this issue and because this is largely their handiwork, I should like to yield at this point to the distinguished Senator from Louisiana, and the floor manager of the bill, S. 2986, to discuss it; and I will follow his discussion with appropriate comments of my own.

Mr. JOHNSTON. I thank the distinguished Senator from Maine, whose efforts have alerted the Democratic majority to the need for this bill and to the urgency for this bill, and without whose sponsorship in the Democratic Caucus we never would have gotten to the point where we are.

Mr. President, in 1970 when inflation in the Consumer Price Index reached 4.4 percent, the response of the Congress was to provide the President with pervasive

wage and price control authority. In 1974 when inflation in the Consumer Price Index has reached 14.5 percent—the highest rate of peacetime inflation in the history of the Republic—the response of many is to throw in the towel in the fight against inflation. Mr. President, it would be more than unwise to give up the fight against inflation; it would be downright irresponsible.

Mr. President, Senator MUSKIE, Senator STEVENSON, and I and other cosponsors have joined in introducing this amendment, the Cost of Living Act of 1974. There is no more important issue before the Congress this year than inflation.

Over a period of many weeks, the Subcommittee on Production and Stabilization which I chair has heard testimony from leading economists in the Nation and representatives of labor, business, consumer groups, and other interested parties. I wish that I could say, based upon their testimony and the economic indicators in recent days, that the end of inflation is in sight. But we cannot even see the light at the end of the inflationary tunnel. What we do see is a possible economic ambush lurking around the termination of controls—an ambush aimed at the earnings of the consumer—in particularly those who lack the power to keep their earnings up with inflation. And, Mr. President, it is not too much to say that the danger of an ambush lurks for the free enterprise system as we know it.

If the first quarter inflationary rate of 14.5 percent in the Consumer Price Index is frightening, it is even more frightening to consider that during this same period of time the Wholesale Price Index increased at the staggering rate of 24.8 percent. The rate of inflation in the Wholesale Price Index is a forerunner of inflation in the Consumer Price Index. These wholesale price increases have not yet made their way to the supermarket. Increased prices in energy which affects most consumer products are not yet fully reflected in consumer prices. The same can be said for commodity prices. Thus it is, Mr. President, that inflation may, and probably will, get worse before it gets better. The end of serious inflation is not in sight.

Mr. President, the bill which I and my colleagues have introduced will perform three basic tasks. First, it will provide the President with the duty and authority to monitor the economy. Second, it would provide for the enforcement of decontrol commitments previously given. And, third, it will provide standby wage and price control authority. Each of these functions is essential in the fight against inflation.

First, the act would require the President to perform a variety of data-gathering and economic monitoring activities. The authority to engage in these activities was requested by the administration in its proposed amendments to the Economic Stabilization Act. The act requires the President to review and recommend changes in the programs and activities of the Federal Government and in the private sector, review industrial capacity, demand and supply, and work with government agencies and industrial groups to encourage price restraint. The act further requires the President to improve the wage and price data bases; to conduct public hearings; to focus attention on needed increases in productivity; to monitor the inflation in the economy; and to review anticompetitive practices bearing upon the rate of inflation.

There are several reasons why provisions for these activities is essential. First, monitoring and data gathering may provide early warning for special inflationary and shortage problems in the economy. Second, these activities will inevitably provide us with greater understanding of the sources and structure of inflation in our economy. In short, Mr. President, to use an old baseball expression—"you can't hit 'em if you can't see 'em."

The second function of the Cost of Living Act of 1974 is critically important. It provides for the enforcement of commitments given by industry in the course of gradual decontrols carried out by the administration over the past several months. Mr. President, one of the most successful aspects of the Economic Stabilization Act of 1970 was the securing of such commitments. A very substantial portion of the economy has been decontrolled by the use of this very innovative commitment technique. These commitments represent bargains, fairly struck, in which the administration surrendered some of its direct control in exchange for anti-inflationary promises on the part of industry. These commitments had to do not only with prices but with exports, expansion of productive capacity and other factors which truly bear upon inflation. The commitments were practical, workable, specially tailored to each particular situation and, most important, Mr. President, are likely to be effective.

To abandon these commitments now is unthinkable. These bargains should be enforced.

One bill makes it clear that commitments given during the decontrol process should be in full force and effect during their entire stated duration. If they are violated, the violators may be subject to recontrol, criminal or civil penalties, injunctive relief or other proceedings under the act. Enforcement of commitments is essential in the fight against inflation and is an integral part of the process of orderly decontrol of the economy.

Finally, Mr. President, I come to what may be the most controversial and certainly is the most misunderstood part of this proposal—namely, the bill's provision for standby controls authority. The standby controls authority established in this act represents a major departure from the pattern of standby authority granted to the President in the Economic Stabilization Act of 1970 and extended since that time. The ESA gave the President carte blanche authority to establish wage and price controls on the Nation's economy. The effort of this bill, and my own efforts since I first began working on this problem in the Subcommittee on Production and Stabilization, has been to limit the President's discretion to impose controls to a very narrow band of special circumstances in specific sectors of the economy.

As witness after witness before our subcommittee testified, Mr. President, the time for comprehensive wage and price controls has passed. And the authority we provide in this bill does not contemplate that they will be reimposed.

Mr. President, the hallmark of this bill is the limiting nature of the standby controls authority. An across-the-board freeze of the economy or economy wide controls cannot be implemented under this bill.

I have already discussed the fact that controls may be imposed for violation of a commitment. Absent such violation, controls can be imposed only if the President makes and publishes in the Federal Register specific findings on three factors: First, in order to impose controls on any sector of the economy, the President would have to find that there is serious inflation in the economy as a whole; second, the President would have to find that there is serious inflation in the relevant economic sector, which, in the absence of controls would lead to serious hardships and deprivation; third, the President would have to balance the need for controls against their possible adverse impact on supply.

Thus, Mr. President, serious inflation in the whole economy is not enough; nor is serious inflation in the particular sector sufficient to trigger controls. The President must also find that in the absence of controls, such inflation would lead to serious hardship and deprivation. These factors recognize that some kinds of inflation cannot be cured by controls and that some inflation does not produce hardship and deprivation. For example, if the price of gold toothpicks goes through the roof, this would not invite controls, because of the lack of hardship.

Mr. President, this bill also recognizes that controls are not always appropriate even where inflation is producing hardship and deprivation, if the need for additional supplies through the market mechanism outweighs the hardship or deprivation. The President is required to make findings and to note the following factors:

First, the extent to which such inflation can be moderated by such controls without the imposition of controls over other sectors. Food is a classic example here because experience has shown the price of food in the supermarket cannot be effectively controlled when all the costs to the farmer continue to escalate.

Second, the extent to which competition in the relevant sector moderates inflationary pressures. The better the competition, the more effective the market mechanism, and, in turn, the less the need for controls.

Third, the President is required to determine the extent to which controls will limit supply in the affected sector by curtailing production or by stimulating foreign demand.

And we have plenty of examples of that happening under the ESA of 1970.

Finally, the President is required to determine the anticipated period of time required for market correction of the

inflation or shortage measured in light of the seriousness of such hardship or deprivation. On month filet mignon may be bearable, but one week in winter without heating oil is too much.

In sum, Mr. President, this bill contemplates, this bill authorizes, only selective controls where the need is acute and then only in such circumstances that their effectiveness can be demonstrated.

Mr. President, there has been much discussion about the psychological effect of controls or of standby controls. This bill is designed to create a psychology against inflation. To the industrialist, it warns that irresponsible price rises invite controls. It rewards responsible price activity by leaving off controls. It does not invite the kind of anticipatory inflation that was seen with the present act. That act encouraged price rises in anticipation of the freeze which was sure to come. This bill has the opposite effect.

The controls authority we have provided curtails substantially the President's broad discretion, under the Economic Stabilization Act, to impose wage and price controls throughout the economy. Under our bill the President could impose controls only on selected sectors of the economy and then only upon making the detailed written findings required in the bill.

Second, by limiting the President's discretion, I believe the bill will reassure businessmen and industrial decision-makers that controls will not be reimposed lightly and that their reimposition will not be subject to mere political whim.

The third purpose of my bill is, at the same time, to cool the current inflationary psychosis afflicting the American consumer public by reassuring consumers that the President does possess standby authority to impose controls in any sector of the economy where there is truly serious inflation leading to serious hardship or deprivation.

Fourth, I believe that by setting clear standards in advance, governing the imposition of controls, we can avoid the lynch-mob atmosphere that inevitably accompanies even those substantial price increases which are highly justifiable on the basis of supply and demand. By establishing definite standards in advance for the imposition of controls, we can require the administration to consider at the front end of the controls process the economic distortions and dislocation which all too often during the past year have been dealt with after the fact.

Mr. President, I have been advocating a limited system of standby control authority for nearly 4 months now. Time and time again I have had to explain—and I want to do that again today—that those of us who support standby controls authority do not endorse economic controls per se. I am not here to defend or debate the success—vel non—of the economic stabilization program. I will leave that to those who engineered the original program in Congress or to those in the executive who ran it, but the distortions the programs produced are obvious and documented.

The case against controls is—in my judgment—overwhelming.

How then can we return to the free market as quickly as possible and with the least danger?

Both labor and business witnesses all say end controls. Completely. And now.

I believe that approach to be a great mistake. It carries a potential for danger of the severest dimensions to that same free enterprise system that we all want to protect and foster.

It is a paradox—perhaps even a contradiction in terms, but I believe it to be true that the best way to a free market is through standby controls.

Let me explain.

The real danger of ending controls now and completely, as I see it, is that inflationary pressures coupled with the psychology of frustration will stampede the American people, and therefore the Congress, into a demand for controls that completely stop inflation. Is this possible? Can inflation be stopped? Yes. But consider the price.

First, freeze incomes. That is easy. We did it before. But really to freeze prices for more than a few weeks requires a system that must inevitably extend through allocation, rationing, and production and use controls to a fully-planned national economy.

Then the questions: Who plans what and for whose benefit?

Such a system is, I submit, inherently inconsistent with freedom as we know it. How could this specter result from a total end to controls?

Consider the scenario. First, note the inflationary pressures for 1974. While the Consumer Price Index rose at the annual rate of 14.5 percent in the first 3 months of 1974, wholesale prices climbed at almost twice that rate—24.8 percent. Wholesale prices must be reflected in consumer prices, and this is a clear indication that substantially higher consumer prices are on the way. Skyrocketing prices of basic commodities and spot and future markets are even more dramatic signals.

Wheat, soybeans, cotton, sugar, potatoes, and other commodity producer prices range from two to several times their levels of a year or two ago—and the end is not in sight. Middle Eastern crude has risen in price almost four times, bringing with it the price of both domestic petroleum and alternate energy forms. This dramatic rise in the price of energy will affect the cost of virtually everything, from fertilizer to food, from steel to automobiles, from plastics to clothing. And the full effect in price has yet to come.

What is the rate of inflation for 1974? The economists approach that very question with trepidation. Consensus is found in the prediction that inflation will continue undiminished. When we began our subcommittee hearings in February, even the pessimist did not forecast a first quarter rate of 14.5 percent in the Consumer Price Index.

Next consider inflationary expectations. The rule is: That which people expect to happen in terms of inflation usually does. That is what happened in phase III. With the announcement of broad decontrols, people expected inflation to soar and they raised their prices to keep up with the expected rise. This expectation is aggravated by the further expectation that broad controls will again be imposed in response to the problem. So prices are again raised to in order not to be caught with prices or profits down in the coming freeze.

Then consider the psychology of frustration inherent with the American people. The Gallup poll has measured it: Only 23 percent have confidence in the President; less than that, in Congress. Respect for our basic institutions—the Government, the church, and certainly big corporations—is at an alltime low. Perhaps Vietnam started it. Watergate has certainly aggravated it. Inflation brings this frustration home to every American. Free enterprise used to be well nigh sacred, or at least taken for granted. But a lynch mob psychology fueled by the inflationary fires of 1974 could, I fear, produce a comprehensive, radical, and unwise system of controls for the American economy.

So, Mr. President, I urge the Senate to adopt this amendment because I believe it is the best insurance policy we have against another round of comprehensive wage and price controls. I have heard this reasoning referred to as "double-talk," but I do not think it is that at all.

The fact is that a precipitate abandonment of all stabilization authority would loose a terrible inflationary psychology on the people of this country.

Mr. President, I said a few moments ago that our proposal for standby authority has been misunderstood. I would like to anticipate, if I may, several of the arguments we have heard time and time again.

The theme we hear over and over again is that standby controls authority is inflationary in itself. Industry and labor, we are told, will push for all they can get in wages and prices so they would not get caught with their dollars down if controls are reimposed. Furthermore, it is usually said that controls will inevitably be reimposed, because the political pressure to apply statutory controls authority is irresistible.

In response, Mr. President, our bill provides controls authority very different from the authority under the ESA. We require the detailed findings to be made and made carefully before controls may be imposed. We intend for controls in any sector to be the rare exception and not the rule. Indeed, I think I can speak for all the cosponsors of this bill in saying that we would all prefer that it not be necessary to exercise this authority at all.

So we are not talking here about the usual wide open statutory authority. The act is modeled after the Export Administration Act—not a model of clarity, I admit—but a bill whose drastic control provisions have been invoked about as frequently as a new comet is sighted in the sky.

The controls authority we provide is not inflationary for another reason as well. Because we contemplate pinpoint controls—of a particular industry or a particular firm or union, if necessary—

this bill creates a powerful incentive or responsible behavior. Nobody likes to be under economic controls. But if they leap irresponsibly to raise prices or wages, that is the surest way they will be brought back under controls, and any recontrol will be subject to a rollback to wage or price levels of April 24, 1974.

Perhaps comprehensive wage and price controls authority create anticipatory increases. Each person takes shelter in the knowledge that his fate will be the common fate. Under our bill responsible behavior will be rewarded and irresponsible behavior punished.

Finally, on the subject of "anticipatory inflation," I cannot resist saying, Mr. President, that we are talking about a self-fulfilling prophecy. If Senators who preach the inevitability of recontrol would instead join with us in emphasizing the highly restrictive nature of the authorization we proposed today, they would do much to reassure business and labor that there is no need to make hay while the sun still shines.

Mr. President, another major objection is that our bill is not in the best interests of the workingman. The unions have been stung by the failure of wages to keep pace with inflation. So, they say, how can you again present this administration with the club to beat us over the head?

There is no question about it: Much of whatever success phase IV achieved was achieved at the expense of the workingman. I have condemned that approach to controls and do so again today.

Our bill provides specific protection against further erosion of the workers standard of living, and we intend that that protection be honored.

I might also add that wages can be controlled only on a sector-by-sector basis and then only when the requsite findings are made. Wage orders issued prior to April 30, 1974, continue in effect for 30 days and then the unions, like industry, are given the chance to behave responsibly—at the peril of recontrol. We recognize that there is catching up to be done.

Finally, Mr. President, we hear the charge that this proposal is politically motivated.

It is said we are trying to appease the public with an insubstantial mechanism for fighting inflation. Or that we are simply trying to shift the blame for inflation to the Administration.

We do not pretend that the Cost of Living Act will provide a panacea for inflation. Indeed, the act is only a stopgap measure—to help us gain a further understanding of the inflation problem we are up against and to keep the lid on in the meanwhile—at least a little.

The act is also a stopgap in another way. I believe it will provide at least marginal restraint on inflationary forces and keep us from hurdling headlong into an inflationary panic and back into comprehensive wage and price controls.

Again, the issue is not controls. We are all against controls. The issue is limited controls authority, and the authority to engage in monitoring and orderly termination of the present program.

There is no attempt to pin the political blame for inflation on the administration. The causes of the present inflation are deeply rooted and, at least to a major extent, the result of international forces that no administration could gage or cage.

Let me say one word about the politics of this issue. We are told that this bill cannot pass because both business and labor are opposed to it. That is a powerful combination, I admit, and I do not like to find myself on opposite sides either of business or of labor. But the rank and file in labor are consumers, too. We will get no thanks from labor if by taking off controls we allow the rate of inflation to continue to accelerate at such a rate that any wage increases are eaten away as they have been this year.

We will get no thanks from business if we heed their present advice and allow all controls authority to expire so that inflationary pressures create an absolute demand in the latter part of 1974 for the reimposition of a system-wide arrangement of freezes and controls. I think that is the ultimate issue. Are we willing to have an ounce of prevention in April 1974, or do we want the whole cure in the latter part of 1974? The whole cure, I am afraid, would imperil our very free enterprise system.

If inflation gets too bad with a system of no controls, if it continues to accelerate, and if we in Congress do not do something about it in the latter part of 1974, we will be right back here considering not a modest restraint in a carefully limited grant of Presidential authority to control inflation, but a pervasive system of Government controls and allocations, under which the Government will decide who does what, for whom, and why.

I hope we will not have to find that inevitable conclusion. I hope that we will pass the bill this year, this month.

Mr. CASE. Mr. President, the administration and the Congress together must act positively to bring inflation under control. For that reason, I am pleased to cosponsor the amendment to add the Cost of Living Act of 1974, submitted by Senator MUSKIE, which provides for a 1-year extension of standby authority for wage and price controls.

Adoption of our amendment will not mean that new controls will be imposed. Certainly, we hope such action does not become necessary. But our economic situation is too serious to justify reliance on fiscal and monetary policy alone.

I am hearing every day from constituents who are caught in a double-digit inflationary spiral that, according to the Joint Economic Committee, has reduced the buying power of wage earners in manufacturing industries to a point lower than it was in 1972. Naturally, other wage earners are affected in much the same manner. In these circumstances, it would be irresponsible to allow the current authority for controls, as included in the Economic Stabilization Act, to expire at midnight Tuesday, April 30.

Mr. BROCK and Mr. MUSKIE addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. JOHNSTON. Mr. President, I believe the Senator from Maine had yielded to me.

Mr. MUSKIE. I believe that is correct.

The PRESIDING OFFICER. The Senator from Maine had the floor.

Mr. MUSKIE. Mr. President, I was happy to yield to the Senator from Louisiana to explain his amendment, inasmuch as it has played such a large part in the work done in the Committee on Banking, Housing and Urban Affairs on this subject. At the same time, I wanted to explain my own views with respect to the amendment and why I have introduced it. I have introduced this amendment in behalf of myself, Senators STEVENSON and JOHNSON, and Senators CANNON, CASE, CHILES, HASKELL, HATHAWAY, HUMPHREY, JAVITS, MANSFIELD, MCGEE, RANDOLPH, and RIBICOFF.

Mr. President, before I get into the substance of the amendment, I would like to state the reason why I felt impelled to get involved in this whole issue.

Like all Americans and all Senators, I have been watching the economic indexes for recent weeks and months with great alarm and concern. I was aware of the effort initiated in the Senate Committee on Banking, Housing and Urban Affairs, by Senators STEVENSON, JOHNSTON, and BIDEN, and my own colleague from Maine (Mr. HATHAWAY) to deal with this problem of transition from the period of controls ending April 30.

As the evidence of inflationary pressures accumulated, my alarm grew. Two weeks ago, I saw the prospect of April 30 coming and going with all authority to deal with inflation disappearing, and with Congress sitting on its hands. In all candor, it seemed to me that was the mood of Congress, so far as I could discern. Everyone concerned seems unhappy with controls, the way controls have worked, and the problems controls have generated. Labor, business, and even the consumer all seem to have accepted with resignation the inevitability that on April 30 at midnight the Economic Stabilization Act would expire, and with it all authority to impose controls whatever unpredictable circumstances might arise. I simply could not bring myself to sit idly by and permit that to happen without raising my voice in protest.

As I read the sentiment in the Senate and the House of Representatives, it seemed very doubtful to me that the idea of standby control authority could be sold to Congress. So I at first limited my legislative initiative to the creation of a monitoring agency, which could be a continuation of the Cost of Living Council, simply to keep its finger on the economic pulse, gather data and information, and develop judgments as to what public policy ought to be implemented.

When I presented this suggestion to the Democratic Conference last week, the surprising reaction was that such a measure would not be enough, and that we ought to do more than create a monitoring agency. I say that was a surprising reaction; I am not sure that it necessarily signified a willingness on the part of a majority of the Senate to do something more than that, or even that much; but the reaction of the caucus en-

couraged Senator STEVENSON, Senator JOHNSTON, and myself to at least present to the Senate today, with the cooperation of the Senate leadership, a proposal that includes both the monitoring function and standby control authority.

Our proposal is as simple and clearcut as that. The standby control authority could not be used except at the discretion of the President, and his discretion is limited, as the distinguished Senator from Louisiana has so well pointed out, by the guidelines set out in the amendment.

This amendment would add to S. 2986, the Council on International Economic Policy authorization bill, a new title, "The Cost of Living Act of 1974," drafted in response to the Senate Democratic Caucus resolution adopted last Wednesday.

But the Cost of Living Act is not a partisan measure. We are joined by two distinguished Senators from the other side of the aisle, Senators JAVITS and CASE, who applaud this effort. This is not, I repeat, a partisan effort. It is not an attempt to gain partisan advantage, as far as this Senator is concerned. I am simply concerned that Congress should not sit on its hands when the authority to deal with this problem expires tomorrow.

The purpose of the amendment and the purpose of the resolution adopted by Democratic Senators last week is to respond in a constructive way to the rapidly increasing rates of inflation, when wage and price controls, under the Economic Stabilization Act, expire tomorrow night at midnight.

This amendment, as the Senator from Louisiana has so well pointed out, is designed to provide for an orderly transition from the existing system of wage and price controls to an uncontrolled free market economy. It would give the President standby authority to impose controls in any economic sector, after making specific findings to justify such controls, until April 30, 1975. It would also allow enforcement of decontrol commitments made under the present law, and whose term would continue beyond April 30; and it would establish a successor agency to the Cost of Living Council to monitor the economy and to report periodically to Congress.

Phase IV controls, Mr. President, which will expire tomorrow, still cover 12 percent of the Consumer Price Index, 32 percent of the Wholesale Price Index, and 24 percent of the labor force.

I think it would be interesting to spell out the components of those figures. That 12 percent of the Consumer Price Index, for instance, includes petroleum, which accounts for 3.6 percent; health, which accounts for 5.6 percent; and autos, auto parts, and auto insurance, which account for 3 percent.

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

Mr. MUSKIE. I yield for a question.

Mr. PROXMIRE. Is it not true that the petroleum segment would not be decontrolled, because the law would continue on the books until February 28, 1975?

Mr. MUSKIE. Petroleum is covered, of course, by the Emergency Petroleum Allocation Act, which has been enacted.

Mr. PROXMIRE. Is it not also true that this would represent, if controls expire tomorrow night, which I think all of us expect they will, the most gradual decontrol that this country has ever had with any kind of wage-price control system? We have had experience, of course, with World War II and the Korean war. Always before there was a much more precipitate decontrol than we have had in the last year.

Mr. MUSKIE. Yes, and a much sharper escalation of prices. It is that historical experience, may I say to the Senator, including the abandonment of phase II controls, which prompts me and my colleagues to join in sponsoring this legislation.

If the Senator can assure me that he has in his possession historical data that throws that fear into doubt, I would be glad to listen to it, but the historical experience, including that following World War II, is that the precipitate abandonment of controls does result in a surge of inflationary prices, and it is that expected surge which concerns us.

Mr. PROXMIRE. No, what I am saying to the Senator from Maine is that we have only 12 percent of the economy now under control in terms of the Consumer Price Index, 24 percent in terms of wages——

Mr. MUSKIE. And 32 percent of the wholesale price index.

Mr. PROXMIRE. Thirty-two percent in terms of the wholesale price index. This represents a much lesser area of decontrol, therefore, than we have had before and is a much more gradual decontrol process because we moved toward it over many months.

Mr. MUSKIE. I do not know how the Senator draws those judgments. I do not know of any historical parallel for this precise set of economic circumstances. In March, for example, industrial commodities escalated at the annual rate of 35 percent—that is wholesale price increases, which are inevitably going to be translated into retail price increases.

Unless I have figures presented to me comparable to those which measure the pending pressures, then I cannot accept a historical comparison. But from the data we have I am not prompted to reach the Senator's judgment which, of course, is his privilege to reach, when I see the dangers now lurking under the present surface of the economy.

Mr. PROXMIRE. I am simply asking the Senator if it is not true that much of the problem has already occurred, in view of the fact that much of the decontrol is already achieved and regardless of how we act on the Senator's bill or the proposal of the Senator from Louisiana, wholesale prices will be translated into higher consumer prices anyway. No one will argue that we will not have some kind of passthrough such as we had in the past. Control or no control would make no difference on this score.

Mr. MUSKIE. As I understand the Senator's argument, there is nothing we can do about it—so, because we cannot do anything about it, we should not try. We will not do anything to correct it, if we do nothing, and the Senator is quite accurate in that. But when he says that because of the phasing down of controls which has already taken place, the economy has absorbed all the heat, I would disagree with him. I disagree, not on the basis of my knowledge as an economist. I am not an economist, as the Senator knows; but such distinguished economists as Mr. Heller, Mr. Okun, Mr. Schultze, Mr. Pechman, and Mr. Perry, whose advice and analysis is worthy, tell me that it has not.

The Senator may, of course, be more of an expert in this field than I, and of course he is entitled to form an independent judgment on such matters. But these economists disabuse me of any notion that the heat has been taken out of the economy; that the "phasing down" which has taken place has solved the problem; and that on May 1 we need not fear that the inflationary pressures may be unleased.

I do not buy that notion. I cite the 12 percent of the CPI, the 32 percent of the WPI, and the 24 percent of the labor force now under control, which represent the potential of inflationary pressures. And when we look at some of the components of these indexes still under control, we see that the problems could be serious, indeed.

Finally, what we are proposing here is not the reimposition of controls but the continuation of a monitoring function. No one will seriously argue that it is inflationary for a monitoring agency, with standby controls, to be available, if needed, to deal with an unpredictable economic future.

I suggest to the Senator that with the kind of ferment now boiling in the economy, the future is unpredictable, indeed. I would not undertake to predict what the picture will be 6 months from now. Maybe the Senator can. But it is the unpredictability of the future, not the reconstruction of the past 2 years, that we are concerned with here. We are talking about monitoring what happens, so that we can stay on top of it. We are talking about standby authority just in the event what the Senator regards as improbable happens, that economic circumstances develop that mandate controls.

May I say, if that happens, under those circumstances, the medicine that may have to be applied could be much more drastic than the medicine we are talking about here, or the medicine that has been applied over the past years.

Mr. PROXMIRE. If the Senator from Maine will yield just briefly, and I apologize for interrupting his presentation, I would agree with much of what the Senator has said regarding the inflationary pressures in the economy. No one is denying that. No one is disputing the eminence of the economists the Senator mentioned or the people who have been supporting the position taken by the distinguished Senator from Maine. There is considerable wisdom in it.

What I am saying, however, is that the

proposals of the Senator from Maine and the Senator from Louisiana would not do very much about this situation. They would not prevent prices going up sharply. Further, our experience has been that we have given even the authority to be provided here today to the President and he has exercised the authority for the past 2½ years and the results have been disastrous. It is not as if we had good experience with price controls. But we started with an inflation of 4 percent and now after many months of inflation it is 14 percent. I am saying that more of the same medicine, which served us so badly before, is not logical.

Mr. MUSKIE. I read history differently from the Senator. There was, first of all, a freeze in August 1971. In phase II, inflation went down to an annual rate of 3.6 percent from 4.5 percent, when we had meaningful controls. It was only when the meaningful controls were abandoned in January of 1972 that the economy began to run out of control. So I say to the Senator that the history of the past 2 years runs counter to his argument.

Let me give the Senator a summation of what is feared by those in a position to know what is to be feared. Interviews with business executives as reported in the New York Times, on April 22 of this year, indicate that the ending of all control authority would "bring another spasm of price increases that will further erode" already shrunken paychecks. In addition to health, increases were predicted in metals, automobiles, cigarettes, whisky, processed foods, machinery, home furnishings, furniture, and cans.

Mr. Dunlop has predicted that doctor bills could go up 9 percent during the next fiscal year, while under controls they would go up to only 4 percent. Hospital fees could go up 17 percent, whereas under controls the increase would only be 10 or 11 percent.

It is these kinds of prospects, added to the erosion already taking place in the paychecks of the average American worker, that causes me alarm.

The real income of the wage earner in America in the past year has gone down 4.7 percent. That was under controls. It was not the controls that caused that decrease in real income but the failure to control prices that ate away the real income.

I suspect I could make almost as eloquent an argument as the Senator from Wisconsin about mismanagement, but I do not take comfort in that. I would be pleased if the Senator has got another answer. I have heard him talking about the necessity to build up production of products such as food, and I support those programs. But I also believe it necessary to have at hand—not necessarily in use, but to have at hand—control authority to apply when circumstances justify, when nothing else will work.

I cannot understand this fear of making available the necessary authority to do a minimal job. It will not work miracles. The Senator does not have to argue that it will not. I will buy that argument of the Senator. But I am saying that we need some kind of policy, some kind of authority, some kind of monitoring agency, as a minimal effort to meet our responsibilities in Congress. I do not see it as a cure-all.

Mr. PROXMIRE. In response to the latter part of the Senator's speech—and I intend to speak later on it—it indicated the vast amount of authority the President would have without taking further action. The President will still have great power to cope with inflation if he chooses to use it without extension of wage and price controls.

The second point is that the argument the Senator has made, that in the past few months we have had a very, very serious decline in real income by tens of millions of American workers, is exactly the point. That is the way wage and price controls have been administered and will be the way wage and price controls are administered since we are not going to have a new administration of people with different attitudes. The same people will be administering the standby controls, and they will be roughly of the same nature. Prices are not controlled, but wages are. The consequence is that the working people will suffer tremendous inequities. I see nothing in the legislation which would change that situation. We would continue to have an inequitable, unfair imposition of wage and price controls on the people of the country, which is so clear, and which the Senator himself has brought up.

Mr. MUSKIE. That authority is the kind which must be administered by the executive branch. What should we do, go out of session until we have a new President? We will have only one President for some time.

Blaming him or denigrating him does not dispose of our responsibility. As I read the Constitution, we still have a separate, well-identifiable responsibility, as the legislative branch, to make policy for the people of this country.

The polls indicate that Congress is held in low esteem.

Among the reasons for this low rating is our failure to handle the economic and energy problems of this country in a way that makes itself felt to the average citizen's household.

I think we have a responsibility to act to meet inflation. I think there are some circumstances justifying controls in addition to other policies designed to get at the causes of inflation.

I was price administrator for my State at the time of the Korean war. When I got through with that year-and-a-half experience, no one was stronger against controls as a routine matter than I was, and I still am. But I still recognize their value during the time of the Korean war. They did make an impact, they were of value, and they helped to keep down the cost of living.

From August of 1971 until December of 1972, they were also of value. It was only when they were abandoned precipitately that their value dissipated, and we find ourselves in the present economic chaos which confronts every American. Does that mean that we now should do nothing?

I wish we had a better answer than this, and if the Senator does I would be willing to listen. I am not talking just about the long-term programs to increase food production. We need that, too. I am talking about a better answer as to what might happen in the period of transition from April 30, within the next few months, to perhaps a year or more. What do we do in that period if things get out of control, if the fire really begins to blaze?

What do we do? Do we tell the people, "Our policies are designed to increase the food crop in 1976, and if you will wait until then, that will solve your problem"? Or that we are going to enact national health insurance? I do not know how long that is going to take. Perhaps the Senator has a good reading on the prospects and perhaps expects national health insurance to be enacted in the latter part of this year and to be implemented so rapidly that it will control inflation in the health sector. But that takes time. What do we do for emergencies in the months that lie immediately after May 1?

With respect to the workingman, it is not a control on wages that has eaten away at his income. It is the failure to control prices. We are urged to say here, as a Senate, that we are going to take controls off prices. That they have worked badly, so we are going to take them off. That there is no way we can make them work. The possible consequence, however, would be to unleash the very forces that have eaten away at the worker's income.

Mr. President, it is for this reason that we believe that standby control authority is necessary to avoid an inflationary bulge when these existing controls expire, to enforce voluntary decontrol commitments which have already been obtained, and to meet whatever special inflationary problems may arise in the next year.

Under this amendment, the President will be able to impose or reimpose controls if decontrol commitments are violated or if he makes three findings: First, that serious inflation exists in the economy; second, that serious inflation exists in a particular sector of the economy which would lead to severe hardship or deprivation if uncontrolled; and third, that there is a need for controls which outweighs any adverse supply consequences of such controls.

The amendment also gives the President discretion to require reports and recordkeeping from the private sector; the power to hold public hearings if necessary; authority to review and recommend changes in programs and activities of the Federal Government and the private sector; power to review and work with industry and Government to encourage price restraint: authority to improve economic data bases and to focus attention on the need for increased productivity; and power to review and make recommendations concerning economic concentration and anticompetitive practices.

The amendment provides that these functions may be delegated by the President as he chooses; that experts and consultants may be employed as necessary; that individuals and documents may be subpenaed in the process of factfinding;

that the President will report to Congress quarterly and also in his annual Economic Report; and that funding will be authorized as necessary.

Mr. President, I hope that the standby control authority in this bill would not have to be used. But past experience does not cause me to be too optimistic. After periods of control, it is common for an inflationary bulge to develop in response to the lifting of restraints. This in itself might not be so serious if the bulge evens out before too many months. But many experts on the economy are especially concerned that, in this instance, price increases will soar even as the economy is in a period of recession. Continued "double digit" inflation combined with recession could present the gravest economic conditions, crippling the stability of employment, investment, production, and income.

For example, interviews with business executives reported in the New York Times on April 22 indicate that an end to all control authority would "bring another spasm of price increases" which would erode already shrunken paychecks. Increases were predicted in health, metals, automobiles, cigarettes, whisky, processed foods, machinery, home furnishings, furniture, and cans. As for health, Cost of Living Council Director John Dunlop has predicted that doctor bills could go up 9 percent during the next fiscal year and hospital fees as much as 17 percent without control authority.

But even without implementation of standby controls, the monitoring authority contained in this bill could have a useful effect in dampening inflationary pressures which will develop after April 30. The function of the monitoring agency authorized by this bill would be to collect data on the economy, identify potential shortages, and assess the impact of Government and private policies and decisions on the economic health of the Nation. It would also provide an economic "early warning system," to alert us to special inflationary and shortage problems.

The energy crisis provides a perfect example of the necessity for such an information system. Many people in and out of Government foresaw the development of fuel shortages years ago. But since there was no central, independent agency monitoring the development of the shortage, and because of the suddenness of the Arab oil embargo, it appeared to spring from nowhere. This in turn led to the spectacle and the Government scurrying in every direction at once, searching not only for information, explanations, and policies, but for scapegoats as well. That is not a course we can afford to repeat.

In addition, the agency established by the act would provide us with insight into the long-run problems of inflation and shortages in America. The inflationary trend of the past few years is too serious to ignore. There are no proposals which promise to cure it instantly or entirely.

But the absence of a cure does not preclude the need for diagnosis. Continued study could give us important understanding of how to fashion our long-run economic policy.

When the Economic Stabilization Act expires tomorrow, no other agency in the Federal Government will perform these functions. The Council of Economic Advisers, for instance, has a staff of 46 permanent positions. The Cost of Living Council, which has until now been charged with monitoring the economy and administering controls, has a total staff under its jurisdiction of about 900 persons. While far fewer would be needed to perform the monitoring functions under this amendment, a separate, competently staffed office would be needed.

Finally, Mr. President, the psychology of the American economy could only be helped if a monitoring agency, with reserve standby control authority, kept track of inflation. No one will ask for higher wages, or higher prices, merely because it exists. But its activities could help promote a responsible attitude toward inflation on the part of business, labor, and the public at large.

Mr. President, the provisions of this amendment, the Cost of Living Act of 1974, are a minimal response to the widespread concerns which are being expressed today by some of the most knowledgeable observers of our economic situation. Inflationary pressures could explode unless the resources of the Government are poised for action to deal with such an event. The Government must not abandon its determination to deal forcefully with intolerable inflation rates should they develop as some pessimistic analysts now believe. This amendment signals such a determination and a continued will to deal with the problems of our economy until we are over the present crisis.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. ROTH). The Senator from Florida is recognized.

Mr. CHILES. Mr. President, I wish to take this opportunity to compliment the Senator from Louisiana (Mr. JOHNSTON). I think the work that he did as chairman of the Subcommittee on Banking first brought this entire matter into focus and brought attention to what was going to happen if controls were allowed to expire on April 30. The Senator from Illinois (Mr. STEVENSON) was a member of that subcommittee, and I think at that time they had a discussion which we now see come forth in this legislation. I also commend the distinguished Senator from Maine (Mr. MUSKIE) who raised this issue in caucus and brought the attention of the Senate to this area. I have been talking about this subject for a month on the floor of the Senate. I could see where I thought we were headed if we allowed controls to expire. Certainly anyone can see that controls have not worked in phase III. That is something anyone could prove without any problem, but we have to focus on our responsibility as Members of Congress and as Members of the Senate.

Mr. President, we cannot do the job of the President. We cannot be the Executive. But at the same time, if we allow all controls to expire then I think we do have to stand with the responsibility that the President could not respond to the issue if he wanted to, even if he had a change of heart, and if he recognized that phase II was better than phase III, and that it is necessary to have some kind of controls.

Standby controls were provided a year and a half or 2 years before he exercised them, and inflation was just over 4 percent, and now we are going to allow them to expire when we are facing an inflation figure of over 14 percent. It does not make sense.

Mr. President, when we look at those in favor of the expiration of controls we see some mighty forces. When the U.S. Chamber of Commerce gets together with the labor movement conscience would cross conviction—when we could support that sort of thing—but does conscience cause conviction at this time?

When I look at my State we have a number of people on fixed incomes, people who are retired or living on salaries that are fixed and cannot depend on the next range of salary agreements to bring them up. They are the people who are going to suffer. They are suffering now and they will suffer more on April 30 when the popup occurs. With reference to the popup, I think it is a question of when and how much it would be on April 30, because already we have seen indications in some contracts. As I judge the past, labor always has sort of been blamed for inflation. It looked as if labor sat down and big management said, "Let's go along with that and take our profit on top." We have these target industries leading the pack and the others have to follow. That is why we were talking about controls to start with and giving someone jawbone authority, and here we would take it all away.

I think Mr. Dunlop was doing a pretty good job as he was phasing out controls and making agreements with different industries. They were saying, "If you let us out from under this, we agree that for 2 years or 3 years we will not raise our prices over a certain amount." That was working well. Now, we say, "You can tear up those agreements if you do not like them. Now we are going to take away all authority to enforce those bargains and agreements and you can go up to any figure you want."

Now, I see in this legislation an opportunity to say, "You bargained for it, you got out early," and at the same time give someone authority to say, "Let us examine this package and see if it is inflationary or what it is going to do to the economy." At least then there would be some kind of authority.

The easiest thing is to make the argument, "This does not do much, this does not do the job; we have not solved the problem before, so why do it with this?" That does not give me much comfort when I go back to Florida and talk to the people there who are on fixed incomes and say that I sat here and did not do anything, that I sat here and let the inflation go on.

There has not been enough help for hospitals and most of us recognize that. We are addressing that in this bill also. It is not enough to say that we are taking off all controls. What will it be if these bills go up 70 or 90 percent? We have been talking about enacting a na-

tional health care bill but most of us realize that will not happen this year. It will be at least another year before there is any help in that area. Here we have the opportunity and we have the responsibility to determine how we are going to stand on this question.

While right now I can genuinely say to someone that we granted the controls, the President designed phase II and phase III so he has to stand or fall on whether it worked or not.

But when we take away the tool to provide any kind of controls, then I think he and I have to stand on whether there was any opportunity or not. That is something I am not going to look forward to going back on, because when April 30 comes we start the whole round again. We cannot do anything about energy as it goes through the whole inflationary spiral, and we cannot do anything about food as it goes through the whole inflationary spiral, but we can do something about feeding oil or gasoline to the flame and making it go up faster.

If we look at the jeopardy we are in with these kinds of prices, with 14 and 15 percent increases, then I think we see we need to be saying that we are taking every step we possibly can. It seems to me that if we have to come back and put in additional controls, we are going to be in a much better position to do that by saying, "Yes, we tried to go just to standby controls, we tried to go just to jawboning, but it did not work."

But if we take them off entirely and have the tremendous "pop-up," what happens when we try to pop on the controls again? There I think we would jeopardize the economy by trying to operate by that kind of method.

I hope Senators will understand their responsibility on this occasion, because I think it is a responsibility, basically, to the people we represent—not to the national chamber, not to the AFL-CIO, but really what would be best for the guy who is out there working and making things work now. What is going to be best for him and for the citizen who has already done his work and is now retired and is caught in this whole process?

Mr. President, I shall now make a more detailed statement on this matter.

I rise to throw my wholehearted support behind the proposal introduced by Senators MUSKIE, STEVENSON, and JOHNSTON. This amendment embodies authorities which I spoke in favor of on the floor of the Senate nearly a month ago. At that time, I called for standby price control authority, authority to enforce commitments, and jawboning authority as minimal powers necessary to deal with inflation. Underlying these recommendations made on April 4 was the obvious necessity for an information system to monitor prices and determine when and if these authorities should be exercised.

S. 2986 would make these policy authorities the law of the land for a period ending a year from tomorrow by which time hopefully inflationary pressures in the economy will have subsided.

In the meantime, though, we must have some standby authority to use if necessary, but also to persuade and to pressure producers to not just let the lid pop on Wednesday when price controls expire.

Mr. President, I am a cosponsor of this bill and urge my colleagues to support it. I do so because I believe our economy is at a crossroads. I believe we are at a point in time where the management of our economy is crucial.

Over the next several months we can either phase out price controls in an orderly fashion as the economy settles at a new equilibrium level or we may see a new spurt of inflation as prices that have been effectively restrained by controls shoot forward, feeding into still another round of inflation.

This inflationary period we have just been through is very unusual. It has not been a general inflation across the whole economy but has been an inflation spurred by higher prices of critical commodities, mostly food and fuel. These higher prices have increased our cost of living, thrown everybody's family budgets out of whack, created dislocations in the U.S. economy and thrown the world economy into great uncertainty. Food and fuel costs are so important to every individual's and every nation's budgets that literally everyone has been affected.

What we have as a result is a new economic situation, domestically and worldwide, where food and fuel now cost more relative to everything else. Prices and markets, as well as politics and attitudes are now adjusting to this new reality. It is now a fact of life that these vital goods are costing everybody more, leaving less money to spend on other things.

This one shot price change for food and fuel may change some as increased agricultural production comes on the market later this year and as new competitive factors come into the production and pricing of oil. But this downward adjustment will be marginal at best in comparison to the large upward shift in these prices over the last several months.

The point is do we now face this new reality squarely and decide to live with the worldwide changes in the prices of basic commodities or do we make an abortive effort to go back to "the world that was" by letting all other prices catch up to food and fuel.

If we take this second road and just abandon the whole effort to control inflation then we will simply invite a second round of inflation. We will go from an inflation which is very special in its nature to the same old game that we have been through before of prices pushing each other to ever higher levels.

We know what that game is about and we know what will happen as a result. And we know how to avoid it.

This legislation will help us do that and so I think we need to give the most serious consideration to it and support its passage.

Mr. President, I ask that my colleagues look at the record of the recent past before voting on this legislation if they want to know with certainty what will happen to the economy over the next year if we do not pass this legislation.

There is no crystal ball that we need.

All we need to do is to look at what happened with the price control program over the last several years to see what will happen.

Looking back, we can see that the initial period of tight controls, what we now call phase II, was really very successful. The Consumer Price Index went up only 3.3 percent between August 1971 and January 1973 in comparison to a rise of 8.8 percent after that during calendar year 1973. The Wholesale Price Index went up only 5.7 percent during phase II and then rose 18.2 percent in 1973.

Now what happened in between? What happened was phase III. Phase III made a lot of the regulatory procedures of phase II self-administering. Phase III dropped prenotification requirements and eased reporting provisions except for the largest economic units. Enforcement staffs were cut.

In a word, major steps were taken to slacken the Government's efforts not only to control prices but to watch prices and enforce commitments. Inflationary pressures began to build. These are the very same authorities we want to continue in the Muskie-Stevenson-Johnston bill.

By the spring of 1973 phase III had to be tightened up and by June 1973 a new freeze had to be announced, which led eventually to phase IV.

All this is very trying. Nobody wants price controls. It is obvious now that many people and sectors of our economy have been hurt by controls and their situations need to be addressed individually. Hospitals are a good case of this.

But the general economic situation clearly requires that we legislate some standby authority. Just because we are fed up with price controls does not mean that we can abandon them. Inflation will not disappear just because we do not want to look at it for what it is.

I think it is vital to the permanent termination of price controls as an instrument of our economic policy that we have an orderly phase out of controls rather than having them expire arbitrarily tomorrow.

April 30 is no magic number. It has nothing to do with the trend of our economy. It has nothing to do with what our economic policy should be. It is the end of the authorization for a piece of legislation which was passed when we did not know what life would be like today.

There is no reason why we have to let the necessary enabling legislation die tomorrow and strip the Exectuive of the authority to monitor prices and to have if necessary the means to impose controls. We have a lot of other options. And one option is the Muskie-Stevenson-Johnston bill which I support and strongly urge my colleagues to support as the very least that we should do and as the most sensible thing to do until we can assure the American people that we have the inflation problem in this country licked.

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

Mr. CHILES. I yield.

Mr. MUSKIE. I would like to compliment the Senator on his statement. I

think he has articulated well what is in the minds of his constituents.

I would like to complement what he has had to say by asking unanimous consent to include in the RECORD at this point an article which appeared in the Wall Street Journal of April 15, 1974, by Walter W. Heller, entitled "The Untimely Flight From Controls."

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

THE UNTIMELY FLIGHT FROM CONTROLS

(By Walter W. Heller)

Congress is about to outdo the White House in running away from the inflation problem:

While correctly observing that business and labor are bitterly opposed to wage-price controls—and that consumer views range from skeptical to cynical—Congress is mistakenly sending such controls to the gas chamber rather than putting them in cold storage.

While correctly concluding that broad-scale mandatory controls had outlived their usefulness in an excess-demand, shortage-plagued economy. Congress is mistakenly walking away from its responsibility to assert the public interest in price-wage moderation in an economy plagued by softening demand and rising unemployment.

While correctly observing that the White House has done its level worst to discredit controls, Congress is mistakenly refusing even to give John Dunlop and the Cost of Living Council the leverage they need to insure that the pledges of price moderation and supply increases made in exchange for early de-control by many industries will be redeemed.

Granting that controls are in ill repute, one wonders how Congress can explain to itself today—let alone to voters next fall—the discarding of all wage-price restraints in the face of record rates of inflation of 12% in the cost of living and 15% in wholesale prices (including an ominous 35% rate of inflation last month in industrial commodity prices). Is it the product of a growing "what's-the-use" attitude? Is it an implicit surrender to an inflation that is deemed in part to be woven into the institutional fabric of our economy and in part visited upon us by uncontrollable external forces like world food and material shortages and oil cartels? In short, is inflation now thought to be not just out of control but beyond our control?

MILTON FRIEDMAN'S STREAK

An affirmative answer to these brooding questions seems to underlie Milton Friedman's recent economic streak—one which evokes surprise, astonishment, and disbelief in the best streaking tradition—from Smithian laissez-faire to Brazilian indexation. At present, we use the cost-of-living escalator selectively to protect 32 million Social Security and civil service beneficiaries and 13 million recipients of food-stamps and to hedge inflation bets in wage contracts for 10% of the labor force. Mr. Friedman would put all groups—those who profit from inflation and those who suffer from it alike—on the inflation escalator and thus help institutionalize our present double-digit rates of inflation.

Meanwhile, interest rates are soaring as Arthur Burns and the Fed man their lonely ramparts in the battle against inflation. With wage-price control headed for oblivion in the face of seething inflation, the Fed apparently views itself as the last bastion of inflation defense. So it is adding to the witches' brew by implicitly calling on unemployment and economic slack to help check the inflation spiral.

In this atmosphere, and deafened by the drumfire of powerful labor and business lobbies, Congress seems to have closed its mind to the legitimate continuing role of price-wage constraints. What is that role in an economy relying primarily, as it should, on the dictates of the marketplace?

First are the important transitional functions of the Cost of Living Council for which Mr. Dunlop, with vacillating support from the White House, asked congressional authority. In its new form after April 30 the Council would have:

Enforced commitments made by the cement, fertilizer, auto, tire and tube, and many other de-controlled industries to restrain prices and-or expand supplies—commitments that would become unenforceable when COLC goes down the drain with the Economic Stabilization Act on April 30;

Protected patients against an explosion of hospital fees by keeping mandatory controls on the health-care industry until Congress adopts a national health insurance plan;

Prevented an early explosion of construction wages and the associated danger that housing recovery might be crippled;

Maintained veto power over wage bargains that are eligible for reopening when mandatory controls are lifted.

Beyond Phase 4's post-operative period, government needs to assert its presence in wage-price developments in several critical ways.

The first would be to continue the important function of monitoring other government agencies, of keeping a wary anti-inflationary eye on their farm, labor, trade, transport, energy and housing policies. The point is to protect consumers from the price consequences of the cost-boosting and price-propping activities of the producer-oriented agencies. The White House could continue this function without congressional authority, but a statutory base would give the watchdog agency much more clout.

Second would be the task of working with industry, labor, and government units to improve wage bargaining and relieve bottleneck inflation by encouraging increased production of scarce goods and raw materials.

Third, and by far the most important, would be the monitoring of major wage bargains and price decisions and spotlighting those that flout the public interest.

The trauma of Phases 3 and 4 has apparently blotted out memories of the painfully relevant experience of 1969–71:

The school's-out, hands-off policy announced by Mr. Nixon early in 1969 touched off a rash of price increases and let a vicious wage-price spiral propel inflation upward even while the economy was moving downward.

Only when Mr. Nixon finally moved in with the powerful circuit-breaker of the 90-day freeze was the spiral turned off.

Today, the urgent task is to see that it's not turned on again. In that quest, some forces are working in our favor;

Much of the steam should be going out of special-sector inflation in oil, food, and raw materials.

The pop-up or bubble effect of ending mandatory controls should work its inflationary way through the economy by the end of the year.

As yet, wage settlements show few signs of shooting upwards as they did in 1969-70, when first-year increases jumped from 8% to 16% in less than a year. Wage moderation in 1973—induced in part by wage controls, but even more by the absence of inordinate profits in most labor-intensive industries and by the fact that the critical bottlenecks were in materials and manufacturing capacity rather than in labor supply—has set no high pay targets for labor to shoot at.

Thus far in 1974, the aluminum, can, and newly signed steel settlements won't greatly boost those targets. So the wage-wage spiral is not yet at work. Since, in addition, cost-of-living escalators apply to only one-tenth of the U.S. work force, the ballooning cost of living has not yet triggered a new price-wage spiral. Still, there is a distinct calm-before-the-storm feeling abroad in the land of labor negotiations.

A MODERATION IN INFLATION

With demand softening and shortages easing in large segments of the economy, the old rules of the marketplace would suggest that inflation is bound to moderate. And the odds are that it will—but how fast, how far, and how firmly is another matter. And that's where a price-wage monitor with a firm statutory base is badly needed. It could play a significant role in inducing big business to break the heady habit of escalating prices and in forestalling big labor's addiction to double-digit wage advances.

Industry after industry has gotten into the habit of raising prices on a cost-justified basis as energy, food, and raw material prices skyrocketed. De-control will reinforce that habit.

Once these bulges have worked their way through the economy, we tend to assume that virulent inflation will subside. Indeed, in some areas such as retailing, farm products, small business, and much of unorganized labor, competitive market forces will operate to help business and labor kick the inflationary habit.

But in areas dominated by powerful unions and industrial oligopolies, a prod is needed if habitual inflation—inflation with no visible means of support from underlying supply and demand conditions in the economy—is to be broken. If it is not, the threat of a wage break-out will loom large in upcoming wage negotiations in the construction, communications, aerospace, ship building, airlines, mining, and railroad industries. In those critical negotiations, the wage moderation of the past two years could go up in smoke if the ebbing of non-labor cost pressures is simply converted into profits rather than being shared with consumers in price moderation.

Congress and the White House are taking undue risks if they rely entirely on market forces to achieve this end, especially in those large areas of the economy where competitive forces are not strong enough to protect the consumer. To serve as his ombudsman and to help prevent the picking of his pocket by a management-labor coalition, the consumer needs a watchdog agency that will bark and growl and occasionally bite. Such an agency—which could accomplish a good deal by skillful exercise of the powers of inquiry and publicity and much more if it were able to draw, sparingly, on powers of suspension and rollback when faced with gross violations and defiance—could provide substantial insurance against inflation by habit.

CONTENTS OF AN ACTION PROGRAM

An action program to accomplish the foregoing would have included—indeed, given a miracle of courage, conviction and speed, could still include—the following elements:

A quick and simple extension of the standby powers of the Economic Stabilization Act.

Granting of the authority requested by John Dunlop for the transitional period.

The establishment of a monitoring agency—preferably by statute and equipped with last-resort suspension and rollback powers, but if that is not to be, then by White House action and relying mainly on instruments of inquiry and publicity—to look over the shoulder of big business and big labor on behalf of the consumer.

To declare open season on wage-price decisions under present circumstances—as we

seem hell-bent to do in our disenchantment with controls and sudden revival of faith in the market system—would be one more example of the classic action-reaction pattern that excludes the middle way. The Congress and the country may well rue the day when, largely at the behest of big business and organized labor, the government presence in their price and wage decisions was mindlessly liquidated, leaving the consumer to fend for himself.

Mr. MUSKIE. Mr. President, the Senator and I are nonexperts in this field. I do not think that adjective can be attributed to Dr. Heller. So perhaps it would be useful to have the article in the RECORD so it can be read by our colleagues.

Mr. CHILES. I think it would be useful. During the weekend, as a matter of fact, on Friday, I had an opportunity to have Dr. Charles Schultz appear before a panel of people from Florida who are interested in this problem. At that time there was a discussion of the question, and it was certainly his feeling, as articulated to the Senator from Maine before, that standby controls would be wise to keep in process, and he felt the Congress would be very wise if it enacted and kept standby controls in process.

Mr. PROXMIRE. Mr. President, I am happy I was on the floor when my two distinguished colleagues from Maine and Florida spoke. I think what they said is very persuasive and is something we have to consider carefully, because we have a most serious inflation, which is the No. 1 economic problem that confronts us, and it is one for which Congress has heavy responsibility.

No. 1, I think we should recognize that the economy has been largely decontrolled. The fact is that 68 percent of the Wholesale Price Index, as the Senator from Maine described, has already suffered the decontrol bubble or popup. Eighty-eight percent of the retail Consumer Price Index that has been under control now has been decontrolled. So we have had the most gradual decontrol process we have ever had at any time.

It is not very comforting for us to see the very serious inflation we have had in the last few months, but it is, in perspective, very largely—not entirely, but largely—an energy inflation. The sharp increase in energy prices not only means higher gasoline prices; it means higher fuel oil prices, higher transportation prices, higher processing prices. It takes energy to process and transport everything we buy and that energy is very expensive. It amounts to 20, or 30 or 40 percent of the cost of almost all the foods we buy. If we do not stabilize energy prices, we are going to face higher prices as a result.

We have legislation on the books that provides price and wage controls now for energy. It is going to continue until 1975. In addition to that, I have a long list of powers the President of the United States has at the present time to prevent inflation.

Nothing has been said, to my knowledge—today, at least—about the delegation of authority and power that we give to the President of the United States when we give him standby wage and price controls. Arthur Burns, Chairman of the Federal Reserve Board, said there is no greater power we can give anybody than the economic power to control wages that are paid and prices that are charged. This is an immense power than Congress should surrender to any President, Republican or Democratic only with the greatest reluctance and only after providing real safeguards.

It is true that there are guidelines here, but they are self-determining guidelines. The bill introduced provides that the President must determine whether there is serious inflation or hardship, but he makes the determination. There is no provision that it go back to Congress. There is no provision even for a negative veto. We are urged to give the President this tremendous, overwhelming power at a time when we have argued over and over again that the President has too much power and that Congress has surrendered too much power.

Mr. President, I am unalterably opposed to any legislation extending price and wage controls. In taking a strong stand against any legislation to extend controls, I find myself in the uncomfortable position of being in opposition to many of my Democratic colleagues, including our distinguished majority leader. I am sorry that I find it necessary to oppose the resolution taken by the Democratic caucus last week. Nonetheless, I believe it is essential that the control program be terminated on April 30.

Mr. President, I do not believe there is any serious disagreement that the control program has been a colossal failure. And yet there are those who are worried that the abandonment of controls might somehow worsen the most serious inflation we have had in a quarter of a century. Inflation is indeed a serious problem. But it is equally true that the control program has been unable to curb inflation and, in fact, may have contributed to inflation. It is also true that the control program has held back wages and reduced the purchasing power of the average working family. It is also true that the control program has produced serious shortages in our domestic economy which in some cases has led to a loss of jobs.

It is also true, Mr. President, that for all practical purposes, the control program is already phased out.

Mr. SPARKMAN. Mr. President, will the Senator yield to me for a few remarks?

Mr. PROXMIRE. I am delighted to yield to the Senator from Alabama.

Mr. SPARKMAN. I agree fully with the remarks made by the Senator from Wisconsin. We have no more able and dedicated members of the Committee on Banking, Housing and Urban Affairs than the Senator from Illinois (Mr. STEVENSON) and the Senator from Louisiana (Mr. JOHNSTON), who are the chief architects of this proposal, and I certainly respect the able Senator from Maine (Mr. MUSKIE). I have enjoyed his remarks. I compliment him upon his presentation.

But there are a few things I would like to call attention to in reference to controls. The Senator from Maine was right in the midst of it during the Korean war, I understood him to say. Well, I lived through it during World War II. Controls worked in World War II. Controls worked in the Korean war. But they worked under war conditions in which the country was mobilized.

When the controls remained on following World War II, I think we can all remember how disastrous they became and how abruptly they were removed by President Truman in 1946, if I correctly remember the time. There is a difference between peacetime controls and wartime controls. Pressures exist in wartime. The country is mobilized. It is united. It wants to do these things. These conditions do not occur in peacetime. We do not have the pressure that exists in wartime.

I think this is recognized by our committee. Every argument made by the distinguished Senator from Maine was made in our committee, as the Senator will recall; and following that, the committee voted on this very proposal. What was the vote?

Mr. PROXMIRE. The vote was 11 to 4.

Mr. SPARKMAN. 11 to 4 against it.

Then the committee had another vote, immediately following that one. Does the Senator recall that vote?

Mr. PROXMIRE. That was a vote of 15 to 0.

Mr. SPARKMAN. It was a unanimous vote against all control measures then pending. That was the way the committee then voted, and the committee had gone into every single one of these questions at the hearings. The committee held hearings and heard from people in all walks of life regarding the desirability of continuing controls.

Furthermore, I wish to compliment Dr. John Dunlop for the work he did in the almost impossible position he held as head of the Cost of Living Council. I think he did excellent work. But did Dr. Dunlop ask for a continuance of controls beyond April 30? Only in the field of health care and possibly in the field of construction. If I remember correctly, that was just the way he presented it to us. He did not ask for a continuance of controls. But he was the man who was carrying them forward.

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

Mr. SPARKMAN. May I continue for just a minute?

The administration has not asked for controls to be continued. I do not know what the thought is in the President's mind or in the minds of the members of the Council of Economic Advisers, and those people, but I can say they have never asked us to continue the controls beyond April 30. I am not privy to their thoughts, but I rather suspect that they want to see the controls brought to an end.

I now yield to the distinguished Senator from Louisiana.

Mr. JOHNSTON. I should like to make two points to the distinguished Senator from Alabama, who is also our chairman.

First of all, on the question of the vote of the Committee on Banking, Housing and Urban Affairs, the subcommittee

voted 4 to 3 for the bill. The subcommittee is where the hearings were held. It is where the experts testified. That is an indication of the force of the testimony. It is true that the full committee voted 11 to 4 against the bill, but the full committee did not hear all the evidence, nor did the full committee have the benefit of the 14.5 percent first quarter rise in inflation.

Mr. PROXMIRE. Mr. President, I think the Senator from Louisiana would agree that the Senator was present at many of the hearings of the subcommittee, practically as often as the members of the subcommittee, even though I am not a member of the subcommittee.

Mr. JOHNSTON. The Senator from Wisconsin was there, in fact. But on the question of Dr. Dunlop, my understanding is that Dr. Dunlop told me that he supports the bill. I think he said so publicly. I am sure his position can be ascertained. It has been in the newspapers that he supports the bill, even if the administration may not support the bill. Perhaps it is not the exact wording that Dr. Dunlop prefers.

I think the administration recognizes that if we do not have some club in the closet, prices will get out of control. The Senator from Wisconsin says that 88 percent of the economy is out of control—or some such figure. But 100 percent of the economy today remains under the standby controls.

What we will see on May 1 will be not only a lessening of the taking off of controls that exist now, but the taking off of standby controls. That is what worries me. If an industrialist has the power to raise prices either a responsible amount or an irresponsible amount, and he knows that responsibility is going to be upon him, that is a powerful incentive to act responsibly to avoid a reimposition of controls. What is he going to do? I believe it is a powerful incentive to act responsibly on those who have the power to raise prices or to ask for an increase in wages.

That is the simple question. It is not whether the price controls work. It is not whether phase I, II, III, or IV is a success. The question is what is the psychology of the marketplace, to provide something that can be done when prices are raised irresponsibly or when wages are raised irresponsibly.

Mr. SPARKMAN. Mr. President, let me say this in reply to the Senator from Louisiana. Again, I compliment him. He did a tremendous job in holding hearings and in presenting the bill to the full committee. But even his subcommittee voted 4 to 3 on it. That was a pretty strong minority vote cast against it in the subcommittee.

I will say this If we have to have controls, I would rather have them in this form than to have them in the form of continuing controls as they are. In other words, the subcommittee's proposal is for standby authority with a trigger, as I understand.

Mr. JOHNSTON. That is correct; there are no continuations.

Mr. SPARKMAN. If we had to have any, I would prefer to have the Senator's type. But with reference to the administration, I say again that I am not privy to the Presidents' thoughts. Perhaps the great Senator from Vermont may be. He is a member of that party.

Mr. AIKEN. Mr. President, may I ask a question of the distinguished Senator from Wisconsin?

Mr. PROXMIRE. Yes; I am happy to yield for that purpose.

Mr. AIKEN. The Senator from Wisconsin is one of our ablest Senators. Is he trying to tell the Senate that by approving the pending amendment the Senate would express the belief that the President up to now has not had authority to do any better job than he has been doing in the field of controlling inflation? Is that the interpretation that will be placed on the amendment?

Mr. PROXMIRE. I do not know how we can place any interpretation on the amendment except to say that we want the Senate to give the President power to impose controls on any sector of the economy he wants to. We have had it on the books for 3½ years, and we have had a very bad experiment with it. The President has a great deal of authority to control inflation outside of this legislation and outside the Wage Stabilization Act, and which I think are fundamental. I am talking about the control of Federal spending, the control over, one, the area of energy, the area of the export of food and the imports of food, of the stockpiling of goods, of military goods, the antitrust laws, and many others areas.

Mr. AIKEN. This amendment would give him some authority, some of which he has had, but some of which he may not have had up to now.

Mr. PROXMIRE. The Senator from Louisiana is the expert on his amendment, but I think he would agree with me—that this amendment would give the President somewhat less authority than he has at the present time because he would have to meet standards, and he does not have to meet any standards under the present act. He could impose wage and price controls at any time without a finding. He has to make a finding in this case.

Mr. AIKEN. He does not have to have any new legislation?

Is it the feeling of the Senator from Wisconsin that we need to have stronger legislation than is proposed by this amendment?

Mr. PROXMIRE. It is the feeling of the Senator from Wisconsin that this legislation does nothing useful; it would not restrain inflation. We have tried legislation like it, or similar legislation, but it has not worked. It did not stabilize prices. Under it prices rose three times as fast.

Mr. AIKEN. Then this amendment would ostensibly place much less power in the hands of the President and would be ineffective.

Mr. PROXMIRE. It would be ineffective with respect to inflation, yes, and also with respect to many other things. It is my contention, although many other Senators disagree, that these wage and price controls discriminate against the workingman and has kept his wages down and has resulted in a serious drop in wages.

And I think that will occur again.

Mr. AIKEN. The Senator was not present this morning when I inserted in the RECORD two articles appearing in the Wall Street Journal and the New York Journal of Commerce, pointing out that the machine tool business is now having unprecedented activity and orders. In fact, I understand some of the industry has orders that will take at least 3 years to fill.

As I understand it, the machine tool industry is one of our best indicators as to the future or even the present status of our economy. I know it is not the only one. I think agriculture, perhaps, would come first, but the machine tool industry is considered one of the prime indicators relative to our prosperity and predicted prosperity, and those articles from those two papers will be in the RECORD in the morning. So I do not think the situation is entirely hopeless, as some would like us to believe.

Mr. PROXMIRE. May I say just one thing, in reply to the Senator from Vermont?

Mr. AIKEN. Yes.

Mr. PROXMIRE. It could be argued, of course, that if the machine tool industry is an indication of the economy, it is going to be zooming, booming, with all kinds of inflationary pressures.

The answer is that everything balanced, the machine tool industry is doing well, but housing is doing very badly, and resources are being drained out of housing into this area. So I think it is unfortunate, that we are clearly——

Mr. AIKEN. I understand that one reason that housing is doing so badly is that they cannot get the machine tools and other equipment and material necessary to go ahead in that area.

Mr. PROXMIRE. The reason, of course, is that inflation is so bad and interest rates so punishing that it has knocked the life out of housing. Housing is enormously sensitive to interest rates.

Mr. AIKEN. But the Senator from Wisconsin does maintain that the enactment or approval of this amendment would not improve the situation?

Mr. PROXMIRE. Yes, indeed. I thank the Senator.

Mr. SPARKMAN. Mr. President, may I add this: I am glad the Senator from Wisconsin said what he did with reference to housing. I was going to mention, when the Senator was speaking of the machine tool industy——

Mr. AIKEN. There is a shortage. An extreme shortage of many machines.

Mr. SPARKMAN. That it is one of the great businesses in this counrty, but one of the greatest is housing, and it has completely lost its zip, for two reasons. First of all——

Mr. AIKEN. Any attractive house would sell for more today than when it was new, because they are unobtainable.

Mr. SPARKMAN. Housing has gone down to one of the lowest ebbs it has ever reached.

Mr. AIKEN. And more people are going into the sawmill business than there have been for years. They must be the optimists.

Mr. SPARKMAN. It has gone down

for two reasons. First, the inflationary effect, as the Senator from Wisconsin has pointed out, the high interest rates, and the lack of available money for housing. Savings and loan associations, as I understand, are in a deficit position as far as intake and output are concerned.

Another reason is that the President, by his edict in January of 1973, dealt almost a mortal blow to housing in this country, from which it has not yet recovered.

Mr. AIKEN. But forest products are selling well. Very well.

Mr. SPARKMAN. I hope they will continue to sell well, and I hope that housing will recover. By the way, I was pleased to hear the President say, I believe as a part of his announcement a couple of days ago, that within 2 weeks time he was coming forward with a housing program that he hoped would spur us on again.

Mr. PROXMIRE. It was very encouraging. As the Senator from Alabama has likewise pointed out, the housing industry was struck, not a death blow but an absolutely crippling blow, in January 1973 when we had a moratorium on all Government assisted housing, meaning that 60 percent, far more than half, of the American people who cannot afford to buy new homes unless they get Government assistance, are out in the cold, and meaning that the 600,000 starts we have hoped we would have every year for 10 years in subsidized housing we are not going to get in the coming year, in addition, of course, to the very, very serious impact of an 11 percent prime interest rate, which is devastating on convention housing.

Mr. SPARKMAN. One further thing I would like to say in connection with the statement the Senator from Louisiana made: I did not intend to say that Dr. Dunlop is opposed to this legislation. I would say that he had not advocated this type of legislation. Dr. Dunlop did want us to continue controls on health care and on construction. He designated those two.

I can say in all fairness that Dr. Dunlop has talked with me several times. I admire him, and I admire the work he has done and his ability, and I would say in all fairness that he would like to see some legislative base whereby he will be able to continue to operate. But in his testimony before us he particularly mentioned the fields of health care and construction.

I thank the Senator from Wisconsin.

Mr. PROXMIRE. I thank the Senator from Alabama.

Mr. President, those who are in favor of giving the President standby control authority argue that controls may be needed on a selective basis to curb excessive inflationary pressures which might arise in particular sectors of the economy. It is also argued that we need to retain the control authority to provide for a more orderly phaseout of the present control program. Whatever the theoretical economic merits of these arguments, I believe there are overwhelming practical reasons for not giving the President any more control authority.

First of all, there is no assurance that the administration would administer the standby control authority in a fair and equitable manner. In fact, the past record indicates just the opposite. The price and wage control program has had a disastrous effect on working families. There is no reason to assume the administration would suddenly change its tune if it were given standby control authority. We have had controls now for nearly 3 years. While wages have been held down, the rate of inflation is 3 times as bad as when it was at the beginning of the control program. How much evidence do we need to convince us that controls do not work—at least in the hands of the present administration.

Let me remind the Senate just how badly workers have suffered under the administration's control program. During the last 15 months from January 1, 1973 to March 31, 1974, the Consumer Price Index rose at an annual rate of 10 percent. During this same period, average weekly wages of nonfarm workers increased at an annual rate of only 5.2 percent. In other words, prices rose almost twice as fast as wages. Real purchasing power for the average working family declined at an annual rate of 4.8 percent.

If we look at what happened during phase IV, the picture is even worse. During the last 8 months from August 1, 1973 to March 31, 1974, the Consumer Price Index rose at a staggering annual rate of 15.9 percent. During this same period average weekly earnings for nonfarm workers increased at an annual rate of only 1.6 percent. This represents a drop of 14.3 percent in purchasing power for the average working family.

There might be some merit to continuing the control program if it could be shown that conditions were improving. But the figures show just the opposite. Workers have been clobbered by the program and the situation is getting worse, not better. At the same time, the rich and powerful have benefitted from controls. During 1973, corporate profits were up 27 percent from the previous year.

The rich have gotten richer while the working families of this country have been squeezed and squeezed dry. In the hands of the present administration, the price and wage control program has been an engine of inequity. It has resulted in a massive redistribution of income in favor of the well-to-do. And now some of my Democratic colleagues in the Senate want to give standby control authority to the same team which brought us 15 percent inflation and wage increases so low that real wage income fell sharply in the last 8 months. Perhaps a case for standby controls could be made if we were dealing with another administration. But we are not dealing with another administration. We are dealing with this administration. And I say that on the basis of its record, the present administration has failed and failed miserably. It simply cannot be trusted with any more authority.

Mr. President, aside from the equity argument, there is a second reason for not giving stand-by control authority to the present administration. Even if we ignore the disastrous impact controls have had and are likely to have on wage-earners, we have no way of knowing whether the control authority will be used wisely and judiciously even on the price side. The President has flip-flopped on the question of controls so many times that there is no predicting how he might use the stand-by authority even if we gave it to him against his wishes. The President said he did not want the original authority to control prices and wages and that he had no intention of using it and yet suddenly controls were invoked on the entire economy in August of 1971. In 1973, the President said repeatedly he was against another freeze and yet in June he ordered just such a freeze. Who can tell or predict what the President might do if we give him standby control authority?

In normal times, there might be some argument for giving the President standby authority to control prices and wages. But we are not living in normal times. We are dealing with a President whose political credibility has been seriously impaired by the Watergate developments. Who knows what erratic new policy the President might adopt if he had standby authority. Could a politically weakened President withstand pressure from the hill and the press to reimpose controls even in those cases where controls were not justified?

Mr. President, former Secretary Schultz made essentially the same argument in testimony before the Senate Banking Committee. This was the President's Secretary of the Treasury speaking, a man who has been considered the No. 1 expert or economic authority, in the administration—that it would be a serious mistake to give the President standby control authority. He said if the authority were on the books, there would be tremendous pressure to use it. He more or less acknowledged that the President might be tempted to use the standby authority unwisely in response to these pressures. Why should we tempt the President with this authority when he does not want it, when he has not asked for it, and when he has demonstrated a consistent record for abusing similar authority when it was given to him?

Mr. President, there is a third reason for not giving the administration standby authority to reimpose price and wage controls. To a large extent, the economy has already reacted to the termination of controls. As I indicated previously, only 12 percent of the Consumer Price Index is under control.

The temporary acceleration in the rate of inflation—the so-called price bubble—is already occurring and may be at a peak. In other words, the most painful transition effects may be behind us. However, the reenactment of the control authority would constitute a new ball game. Many corporations and union leaders would try to beat the reimposition of new controls by increasing prices or demanding wage increases even higher than they otherwise would have. Thus, the enactment of standby control authority can be self-defeating and counterproductive.

The distinguished Senator from Louisiana (Mr. JOHNSTON) has just said that we have 100 percent standby controls now and by the day after tomorrow we will have no standby control program, none, zero. I would disagree with his view that the absence of standby controls will result in anticipatory action by labor and management. If I were managing a company or were the head of a union, I would say that if there are standby controls, without further action, I had better get on the "stick" and start working for a price or wage rise. But if there is no standby authority on the books, it would take debate, a bill, hearings, and months of consideration, maybe a couple of years, before it would go into effect and under those circumstances we are much less likely to act in anticipation.

Mr. JOHNSTON. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Louisiana.

Mr. JOHNSTON. My question is relative to the psychology of this thing. Does not the Senator concede that when we have a system of standby controls, where authority to use the standby controls is carefully limited to situations of serious inflation resulting in serious hardship or serious deprivation, and where that trigger is required for the use of controls, is it not ordinary psychology—human nature—to say that by rewarding those who act responsibly and by punishing those who act irresponsibly, we are more likely to get the kind of conduct we want for responsible wage and price control conduct? That seems to be self-evident.

Mr. PROXMIRE. My answer is that these standards look good. They read well. They are politically unassailable, but they do not mean anything. If we look at the standards, they can be applied by the administration any way they wish.

The first standard is a case in point and will be the case for years to come, regarding serious inflation. We have had that for the past 5 years. Any time during the 5 years the administration could say the first standard is met because we can always find hardship in any industry. There is all kinds of hardship always in all large industries. We can go down each standard and find they do not actually apply any real discipline. If we have to have a court finding or some congressional action, that will be different. But that is not in the bill. So the self-determined standards by the administration, as I say, are good window dressing but do not add any force.

Mr. JOHNSTON. The standards are meaningful. They are strict and stringent, albeit they are in general terms. The Export Administration's Act is couched in equally broad terms, which has always been considered by this and previous administrations to be a real brake, a real parameter, on the authority which they can exercise. I think the only way we can say that these standards are meaningless is to assume that the administration will disobey the law, or to assume that it will ignore the law. That may or may not be a safe assumption.

Mr. PROXMIRE. If the Senator were President, or I were President, we could easily impose wage and price controls under this bill any time we wanted to do so and in virtually every sector. With serious inflation in the economy we are going to have that with us for years. We have had it in the past and it will continue. Some people have argued in the past that 1 percent or 2 percent was serious. Now we have a different perspective. So, standard No. 1, is not a significant limitation at all. In the second standard we have here the serious inflation which would lead to severe hardship and deprivation. Well, that is easy to show. There are numerous big industries in health and construction and in food and in any number of other areas. We could go on and on. We cannot name an industry in which serious deprivation or hardship would not follow the end of controls.

One more point. The third standard is the need for controls to moderate hardship or deprivation. Who will make that determination? Who will weigh the factors? It will be done by the administration. Any time the President feels he would like to impose wage and price controls in the construction industry or any other industry, or at any time he wishes to impose whatever he wishes to impose, he can make that finding, or his lawyers can make it for him. The Senator from Louisiana knows that able administrators can always find ways to permit a price or wage policy to meet standards, particularly when they do not have to come to Congress to require affirmative action on the part of Congress before we can trigger the control mechanism.

Mr. JOHNSTON. On point 2, relative to finding serious inflation in a particular sector, that is balanced off by the requirement that the absence of controls would result in serious deprivation or hardship, that would have to be proved or would have to be shown to be effective, that the controls themselves can moderate the serious hardship or the deprivation.

Mr. PROXMIRE. Shown by whom?

Mr. JOHNSTON. Shown to the President and he must in turn put the findings in the CONGRESSIONAL RECORD. Again, I quite acknowledge that any President can disobey the law and very little can be done to a President——

Mr. PROXMIRE. I do not think the President would disobey the law. He would abide by the law as scrupulously as he saw it. But it is up to him to interpret it.

Mr. JOHNSTON. There are restrictions on the President. He can capriciously and arbitrarily put on wage and price controls, without any standards at all. What this bill does is to give some meaningful standards which, if he obeys the law, will circumscribe his authority and activity in a strict way.

Mr. PROXMIRE. We just disagree on the meaningfulness of the force and effect of the standards. On the basis of the experience I have had, any President—I am not talking about President Nixon—if he wants to do so, could meet the standards easily, at any time he wished. I have not heard any hypothetical example given of any industries, for instance, where the President could not do that. He could do it right now, where there is any real likelihood the President has put the controls on.

Mr. JOHNSTON. One good example, and this is in answer to the question from the Senator from Tennessee (Mr. BROCK), who propounded the question prior to the time we had the chance to answer it. His question related to health care and whether health care would virtually automatically be brought under this bill.

My response is this, that the bill requires present serious inflation in a particular sector resulting in serious hardship or deprivation—no anticipated inflation. In my judgment, at least, according to the testimony before the Subcommittee on Production and Stabilization, serious inflation does not now exist in the health care field. The problem is one of anticipatory inflation, what happens when the lid is taken off. That is not sufficient under this particular standard, to trigger controls, because the inflation must be present—the hardship, the deprivation must be present—and, further, it must be shown that controls could temper, could leaven that hardship or deprivation and reduce it.

Mr. PROXMIRE. It is easy. All the President has to do is wait for 1 month and get the price statistics, and they vary enormously in the various sectors month by month. We have seen almost every section of the economy rise and fall in price. Then he could do it on the basis of the most useful period to make his point—the last 3 months, the last 5 months.

Mr. JOHNSTON. The President can watch after April 30, after controls are taken off; and those industries that act irresponsibly, that raise their prices higher than necessary to recoup costs, raise their prices to make windfall profits, raise their prices to create a psychology of inflation—those, in fact, will be the sectors, if any, which are controlled.

Mr. PROXMIRE. But it is up to the President, himself, to determine whether this criteria is met, whether in fact there is a serious inflation in that sector. It does not say that it has to be 5 percent or 3 percent or 15 percent.

The Senator gave his opinion, and it may be a very good opinion, that there is no serious inflation now in the health sector. The President may disagree with that, and sincerely disagree. There is nothing the Senator from Louisiana or anybody else could do about Presidential action. The matter could be taken to court, and I suppose that eventually the whole industry might show—it takes months to fight these things out—an arbitrary increase was unjustified, and yet the price could have been rolled back. The President would be free to do that on the basis of his sincere feeling that inflated prices were occurring in the health industry or another industry.

Once again, if standby controls were given to a reasonably stable administration, there might not be a problem. But we are not dealing with a reasonably

stable administration. We are dealing with an administration whose economic policy can be summed up in one word—erratic. Under these circumstances, no one can be sure just how the standby control authority might be administered. Corporations would want to protect themselves in case there is another freeze. Unions would do likewise. As a result, price and wage demands will go up even more if we give the President standby authority to reimpose controls.

Mr. President, there may be some who think it is smart politics to give the President standby authority to control prices and wages so that if he did not use it, he could be blamed for inflation. Here we go again. This is exactly the type of political game playing which led to the passage of the original Economic Stabilization Act of 1970.

I recall very well, to be frank about it, when certain Members of the House and the Senate told me exactly that: "We have a no-lose game as far as the Democrats are concerned. We put this into the law; the President is not going to use it; and we blame him for inflation and beat him in 1972."

We know what happened. What happened was that that power over prices and wages caused a great deal of trouble. The President did use it. In retrospect, we made a gigantic blunder in giving the President that authority, a blunder we were warned against by the Chairman of the Federal Reserve Board, who was friendly to the President, but who recognized that this is far more power than we should surrender to him.

Public opinion polls reveal that respect for Congress as an institution is at its alltime low, as the Senator from Maine has indicated. The Harris poll shows that 21 percent of the people think that Congress is doing a good job. The Gallup poll shows that 30 percent think so. The Harris poll shows that they hold us in less respect than the President. The Gallup poll shows that we are held in not much more respect than the President. At any rate, we are not doing well with the people. We cannot command the respect and confidence of the public if we give away our powers to the President. How do we improve our image if we engage in transparent political buckpassing? We do not fool anyone but ourselves when we play these games.

Mr. President, there are some who feel that unless Congress gives the President standby authority for price and wage controls, the President will blame Congress for inflation. Many of those who are in favor of extending the wage and price control program are not out to embarrass the President. Instead, they believe they are acting defensively to avoid being blamed for inflation by the President and his spokesman in the November election.

If this is the only real reason for extending the price and wage control program, it is a mighty slender reed. First of all, the President's credibility has been so undermined by Watergate that nobody but his most ardent supporters are going to believe him.

Second, I believe most Americans look to the President for economic leadership. When things go right, he gets the credit. When things go wrong, he gets the blame. The current President, or a new President, may try to shift the blame to Congress. But I do not believe many people will buy that argument.

Third, those who follow Government affairs closely—the news media—will not be taken in by such an outrageous attempt to blame Congress or the Democrats for inflation. The administration itself did not seek standby authority. The decision to terminate the program was bipartisan. All six Republican members of the Senate Banking Committee voted against standby controls and the administration bill as well. The vote in the House Banking Committee was 21 to 10 against all control bills. The Republican members voted 10 to 2 against any control authority.

Mr. President, the record is clear that controls have not worked and that the decision to terminate the program was a bipartisan one. Some Republican politicians might attempt to distort the record in November in order to blame the Democrats for inflation. But the American people are wiser than that argument gives them credit for. They know how badly this standby power has been misused and mishandled by this Republican administration. I do not see how such tactics—blaming the Democrats for the administration of this program—could possibly succeed. In fact, they are likely to backfire on anyone who tries to make such an absurd claim. We have enough credibility gaps without someone trying to add a new one.

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

Mr. PROXMIRE. I yield.

Mr. TOWER. Until now I have agreed with everything the Senator from Wisconsin has said.

Mr. PROXMIRE. I did not expect the Senator to go along with the last part of my presentation.

Mr. TOWER. I would point out that no one should try to make political capital out of this. I think the committees of the respective Houses acted on the basis of what they considered to be some pretty strong grassroots opinion about wage and price controls that come from all sectors of the economy. I do not think it is really a politically exploitable item.

Mr. PROXMIRE. I thank the Senator. He will recall that the vote in the committee was 11 to 4 against the bill that is essentially before us today, and 15 to 0 against other bills that were proposed. So it was overwhelming, and in some areas it was unanimous.

Accordingly Mr. President, I believe the Congress should face the issue on its merits and not on what might be politically expedient in November. The record is abundantly clear. Controls have not worked. Inflation has tripled under controls. Wages and real income have lagged far behind. Serious domestic shortages have been created. There is no reason to assume standby controls would be administered any differently. The time has now come for the Congress to face up to its responsibilities and exercise leadership. The time has now come to end the price and wage control program which has robbed the pockets of the average working family.

There are other actions we can take and should take and have taken to cope with the kind of inflation we suffer now. Standby wage and price controls should not be one of them.

I urge that the amendment to continue the authority on a standby basis be defeated.

I yield the floor.

Mr. ROTH. Mr. President, in anticipation of an end to the controls program, I introduced, over a month ago, Senate Joint Resolution 201 to establish a National Commission on Inflation. The Commission would promote voluntary wage and price restraints, insure that a sustained period of inflationary wage and price increases does not occur upon the termination of mandatory control authority, and promote the level of confidence in the Nation's ability to control inflation.

Shortly after I introduced Senate Joint Resolution 201, I asked Dr. Arthur Burns, the Chairman of the Board of Governors of the Federal Reserve System, for his views on my proposals. I am pleased to report that Dr. Burns had come out in support of my proposal to establish a National Commission on Inflation.

In his response, he said:

> I have reviewed with great interest your proposal for a National Commission on Inflation. You have my support in this endeavor to promote voluntary wage and price restraints.

Dr. Burns correctly predicted that my proposal would encounter opposition. But he believes, as I do, that we cannot simply turn our backs on inflation

He said in his letter:

> Our inflationary problem is so serious that we cannot afford to overlook any possible benefits that might be found in a new approach of this kind.

Mr. President, I ask unanimous consent that the letter from Dr. Burns may be printed in the RECORD at this point.

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

APRIL 8, 1974.

Hon. WILLIAM V. ROTH, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROTH: I have reviewed with great interest your proposal for a National Commission on Inflation. You have my support in this endeavor to promote voluntary wage and price restraint.

I have one suggestion that you may wish to consider, namely, involving the Congress in the Commission's work. I would be inclined to add the majority and minority leaders of both Houses of Congress to the membership of the Commission.

You may encounter some negative reactions to your proposal on the grounds that such a Commission would be ineffectual. But our inflationary problem is so serious that we cannot afford to overlook any possible benefits that might be found in a new approach of this kind.

Sincerely yours,

ARTHUR F. BURNS.

Mr. ROTH. Mr. President, I have also introduced legislation to provide the President with standby controls authority, but my legislation would also provide for congressional oversight of the con-

trol process. I do believe that both the President and the Congress should have the discretion to impose controls on any sector of the economy which is obviously abusing the fight against inflation.

However, it now appears that politics has entered the picture to such an extent that any attempt to deal with inflation might fail. Therefore, I intend to offer an amendment to the pending amendment which would provide for congressional oversight of any new controls authority. In order to avoid the political arguments over inflation, I believe that the Congress should assume equal responsibility for its control.

If the Congress is not willing to provide both the President and the Congress with the authority to impose standby controls, I will offer an amendment to establish the National Commission on Inflation as an anti-inflationary watchdog agency. This is the very least we can do to handle the inflation problem.

We have all heard that mandatory controls have the potential to cause economic distortions and create shortages. But, we have not emphasized the fact that the economic controls have had a restraining influence on inflationary expectations, which can be as harmful as inflation itself.

The National Commission on Inflation would not have mandatory control authority, but it would serve to dampen the economy's inflationary expectations. The National Commission on Inflation would provide an ongoing center of Government vigilance to promote voluntary restraint, guard against abuses of economic power, and promote the level of confidence in our ability to solve our inflationary problems. The Commission would:

Not provide for mandatory economic control authority, except with respect to petroleum products, which are under the Emergency Petroleum Allocation Act of 1973.

Authority a review of industrial capacfor public scrutiny of inflationary problems in various sectors of the economy.

Authorize a review of industrial capacity, demand, and supply in various sectors of the economy, and would encourage cooperation between Government agencies and industrial groups to work for price restraint.

Focus attention on the need to increase productivity in both the public and private sectors of the economy.

Monitor the economy as a whole, by requiring, as appropriate, reports on wages, productivity, prices, sales, profits, imports, and exports.

If the Senate fails to provide the President with standby controls authority, coupled with the safeguard of congressional oversight, I will urge my Senate colleagues to consider legislation to establish the National Commission on Inflation as a watchdog agency.

Members of Congress have blamed the President for our present inflationary problems. But, if we refuse to take any action now, when the rate of inflation is the worst in recent history, we will have only ourselves to blame.

We are bombarded almost daily with news reports and Government indices on the worst rate of inflation that many Americans have ever experienced.

Arthur Burns said last week that the inflation problem is "grave and dangerous."

The Congress must take the initiative. We should, at the very least, instruct the President to "talk tough" to prevent runaway price and wage increases.

As a firm believer in the free market system, I am fearful that an explosion in wage and price increases, coupled with the upcoming congressional elections, could lead to intense pressures to reimpose strict wage-price controls. In order to avoid these pressures, we must provide a vehicle for strong public jawboning, jawboning that is backed up by a highly visible Government entity.

The National Commission on Inflation would fulfill that role. It would guarantee a degree of coordination in the Government's response to inflation.

It would be authorized to deal solely with the problems of inflation, and would report to the President, the Congress, and the American people on any decisions, actions, or price and wage increases which would substantially contribute to inflationary pressures in the economy.

We here in Congress cannot turn our backs on inflation. Inflation is our No. 1 problem, and we must make its solution our No. 1 priority.

Mr. HUMPHREY. Mr. President, first, I wish to commend the distinguished Senator from Delaware for his very thoughtful and constructive remarks and proposals. I want to say to the Senator from Delaware that I look with considerable favor upon his proposal for the oversight function of Congress. I consider his suggestion of the National Commission on Inflation to be constructive. I am hopeful that as this debate goes along and before we come to some final resolution we will be able to bring about some wedding, so to speak, of these ideas because I believe the Senator has demonstrated a grave and serious concern over the problems of inflation and a great sense of responsibility as to the role of Congress, as well as the Executive, in trying to work out an effective anti-inflation program.

Mr. President, the question faced by the Senate today, simply put, is this: Will Congress allow the Federal Government to wantonly abandon all effort to deal with the increasingly desperate problem of inflation; or will we act responsibly to provide the legislative authority to do what we believe must be done, if even the smallest progress is to be made, in controlling inflation?

That is the question, as I see it. I have heard arguments made for and against wage and price controls. I have heard it said that it is smart politics to be for standby controls. I disagree with that. I do not think it is smart politics to be for any kind of controls, standby or mandatory. But I think it is a responsible position. People that have long supported me in public life are opposed to the very position I am taking in this statement today.

I have not found many in the labor movement in support of standby controls. I have not found many in the business community in support of it. But that does not mean that the Congress of the United States should abandon its responsibility.

The question I have to place before this Senate is: If you do not want any kind of governmental activity, including something as modest as standby wage and price controls, or the proposal that has been advanced by my esteemed friend and distinguished colleague, the Senator from Maine (Mr. MUSKIE) for a monitoring system, then what is it the opposition recommends—more inflation, pretending it is not happening, ignoring its dire results? Because, may I add, that every Member of Congress knows if the inflationary conditions continue to grow, if the Wholesale Price Index continues to go up, if the real value of our gross national product continues to go down, if the purchasing power of wages continues to be eroded, if the value of the dollar continues to fall, if our balance of payments continues in deficit, then this country is in a crisis second only to World War III.

Therefore, I am not going to be moved by what some pressure group in business or labor or anybody else says we ought to do. I do not have any panacea here and I am not trying to pretend I do, as my remarks will so indicate.

I have heard it said controls will not work. Well, they did work in phase II. They worked very well. Then came January of 1973 and they took them off, just at the time they were working. The testimony before the Joint Economic Committee in January and February 1973 is replete with statements from prominent people in business, labor, and the academic community, economists, and others, that the taking off of so-called phase II, or its abandonment, was a serious mistake.

I submit Members of the Senate can check the CONGRESSIONAL RECORD and the committee hearing records and they will find page after page of statement and testimony pointing out that phase II price and wage controls were working and did work; that those controls did hold back forces and pressures of inflation; that they were working with reasonable equity; and the argument and the criticism was that they were prematurely removed.

So I do not buy the argument that controls do not work. I happen to believe that the administration, after it removed phase II or abandoned phase II, did a very poor job in controlling inflationary forces. It is not easy to do even a medium job. This is a difficult assignment. Quite frankly there is no agreement in Government circles or among economists on how we best try to moderate the forces of inflation. No one would dare speak with any degree of responsibility to the point that we can stop inflation. What we are talking about is how we moderate it. How do we slow it down? How do we bring it under control?

The proposition before the Senate, the amendment that has been proposed and been offered here by members of the Commerce Committee, by my distin-

guished friend and colleague from Maine (Mr. MUSKIE) and other Senators, Senators JOHNSTON, STEVENSON, MANSFIELD—and the whole list of our cosponsors is on the proposal, and I am proud to say I was one of those early cosponsors, is designed to give the Government some of the tools that might be helpful and some of the precautionary mechanisms that could be used even if only with partial effectiveness.

So the question is, Will Congress allow the Federal Government to wantonly abandon all efforts to deal with the increasingly desperate problem of inflation, or will we act responsibly with what knowledge we have, what experience we have, to provide the legislative authority to do what we believe ought to be done if even the smallest progress is to be made in controlling inflation?

We will not be able to administer this program. Congress does not run the Government. But Congress is supposed to set policy. Members of city councils do not run the fire department, but they do set the fire prevention code. I had the privilege of serving as the mayor of a city. The job of the administration of that city was to carry out, to the best of its ability, the ordinances and the codes that were passed by the city council. There was no assurance on the part of the council members that the job would be well done, but the council members knew that their responsibility was to provide the authority, the machinery, the mechanism, and the procedures so that whatever job was undertaken, hopefully, could be well done.

I am not here to argue that we should pass this legislation and then be able to go out to the country and say, "Well, we gave the President the authority. Too bad he did not use it." But I can tell you, Mr. President, that both the President and the Congress have the responsibility to the American people to try to set up whatever means of protection we can formulate to maintain a healthy economy.

We give to the President of the United States vast authority under the defense program. We do not know whether he is going to be a good Commander in Chief or not. But I will tell you this, Mr. President: We have the responsibility to provide him with the authority and with the means to be a good Commander in Chief.

There was a time when the Congress of the United States refused to pass a law to even fortify Guam before World War II, and how many articles were written on how the Congress had failed to heed the call of national security and national defense. I think our job in the Congress is to write public policy as best we see that policy, and not to sit here and say, "Well, the President would not act, or if he does act, he would not act properly." That may well be the case—he may act but he may not act properly. But the question is; What will we do?

It was to this point that I addressed myself in the caucus of the Democratic Members of this body, because I happen to believe that the people of America have the right to expect the Congress to do something and not to just sit idly by and say they are going to let the forces of the economy just take hold. If that is the case, then we ought to abandon Project Nimbus, which makes weather predictions, and say we are just going to let hurricanes take control. We are not going to give anyone a forewarning. We are not going to give anybody time to take care of the safety of their person and property. We will just let the forces of nature take hold.

We do not do that in matters of health legislation. We do not do that in anything, and I submit that the Congress has the responsibility to attempt to provide some workable program to at least moderate, if ever so little, the pressures and forces of inflation.

Everybody knows that the recent inflation has been the most virulent in many decades, and I want to predict to this floor now that it is going to get worse. When the Economic Stabilization Act comes to an end, every part of this economy is going to try to put itself in position to take care of whatever it feels, from its standpoint, to be its best position. That is what happened at the end of the Korean war. It is what happens whenever there is a delay. And the months of May and June will see fantastic increases in prices, with tremendous demands on the part of labor—and rightly so—to be able to catch up with wage increases. You are going to have problems in America that will be staggering.

We may not be able to do anywhere near what we ought to do to ameliorate these conditions, because we have had a lot of soft, soothing, syrupy talk to the effect that everything was going to be better, when the simple truth was that it was not getting better.

By the way, this is not only characteristic of our own country; the forces of inflation are worldwide.

The numbers recorded by the Consumer Price Index and the Wholesale Price Index are nothing short of staggering. These numbers are by now familiar to all of us.

We have all heard and read so many accounts of "record increases" and the "double digit" inflation that even the largest numbers have ceased to have a sharp effect. Rather than repeat any more numbers, let me take a moment to discuss some of the underlying factors. Let me explain how some of them are changing. Some types of inflation can be dealt with by wage and price controls, and some of them cannot be. Much of the inflation we have experienced in 1973 stems from causes over which price and wage policies could have little control.

By contrast, much of the inflation in 1974 stems from causes which could be influenced by an appropriate wage-price policy. Unless Congress acts, and acts promptly, we will be abandoning the wage and price policy at the very moment when it is most needed and possibly could do the most good.

Let me spell out some of the differences, as I see them; between the 1973 style inflation and the 1974 style inflation. In 1973 inflation was caused in the main by sharply rising prices for commodities—that is for petroleum, for grains, and for industrial raw materials. All of these commodities move in world trade. Prices are set in world markets. Even if we had the best possible price-wage policy here in the United States in 1973, these price increases could not all have been halted. I think they could have been moderated somewhat, but not halted. There is no way in which the United States can insulate itself from the world economically, for any length of time, in this day and age.

Furthermore, of course, we did not have the best possible price-wage policy. Instead, we had a roller coaster, on-again, off-again stages, up and down, in, and out yoyo prices and freezes, which only made a bad situation worse.

However, 1973 is now history. I commend the analysis of what went wrong in 1973 to the historians. They will have plenty of material.

The Senate must now turn its attention to what is happening now, in 1974, and what will be happening in the forthcoming months. Two things are happening with respect to inflation. Policies are needed to deal with both of them.

First, price pressures are coming less from raw commodities and more from manufactured goods. Prices of steel, of textiles, of chemicals, and of rubber products are rising sharply. Some of this rise is inevitable, because the increased cost of fuel and of raw materials must be passed on.

I do not for a moment suppose that these price increases could be halted entirely, nor is that the thrust of my remarks. However, they can be kept within reason. They can be limited to the increases made necessary by increased costs.

The questions are these: Can we count on the steel industry to voluntarily and on its own initiative limit its price increases to the minimum, necessary amount? Can we count on the chemical, the drug, or the automobile industries to do the same? Can we expect these industries even to honor the decontrol commitments they have already made with the Cost of Living Council when there is no longer a Cost of Living Council? Can we expect the force of competition to limit price increases in these great, basic industries?

In every case the answer is "No, no, and again no." These are not truly competitive industries. They are in some instances monopolies or oligopolies. They are administered price industries. When inflation moves into the concentrated, administered price industries, as it will increasingly during 1974, Government has a responsibility to observe what is going on, to bring pressure on these industries, to give guidance or set guidelines, and to act as a "watchdog."

Some of us whose memories go back a few years remember that Government did perform this "watchdog" function in the Kennedy administration and in the Johnson administration—yes, jawboning, as the Senator from Delaware said, and as others have said, to give guidance, to set guidelines, and to act as the Senator from Maine has proposed, as a watchdog to bring to bear the forces

of public opinion upon those who would exploit this economy. That is the least we can do here—the very least. To do less would be to abdicate our responsibility.

I was present when some of that went on. I recall the time when we had no wage-price controls, but we did have wage-price guidelines, and the steel industry was in a management-labor dispute. I recall when the late President Johnson called in the heads of the steel industry and the leaders of the United Steel Workers of America and said to them that he expected them to negotiate a contract that was within the wage-price guidelines.

He said:

I will give you a set of rooms in the Executive Office Building. They will be on the floor above the Vice President's office. I am going to have the Secretary of Labor meet with you every day. I will expect the Vice President to tune in on what you are doing. I shall be looking out of the window of the Oval Room in the White House. I want you to report back here every night at the conclusion of your daily negotiations.

The President also said:

I think we will get something done.

The strike was averted and the negotiations were completed. The result of those negotiations was that the agreement fell within the wage-price guidelines which had been established. So it can work. However, it cannot work if we do not try it.

We remember how dismayed we were when the new Nixon administration proclaimed its doctrinaire aversion to all forms of guidelines and moral suasion. We saw throughout 1969, 1970, and early 1971 what a mistake the administration had make. We watched an administered price inflation get worse and worse despite recession and high unemployment. We saw things get so bad that in August 1971, an administration that swore it would never interfere in the market imposed total interference in the form of a price-wage freeze. It simply had to do so. This is not to be critical. It was an absolute necessity.

Are we going to sit here today and watch the very same thing take place again? Are we going to actively encourage—indeed, insure, the repetition of that mistake by denying the administration any authority to conduct a price-wage policy? Inflation has become too serious. We cannot afford such a mistake today. Government must have the authority to deal with administered-price inflation, and to deal promptly and effectively.

Whether the Government will use that authority or not, I cannot say. However, I think that it ought to have it. I believe that our responsibility is to provide that power.

Let me turn now to the second thing that is happening with respect to inflation in 1974. The second big inflationary pressure in 1974 is wages. Wages were not a cause of inflation in 1973. Wages lagged way behind prices. The tragic result is that the worker has suffered a severe loss of real income. Real spendable earnings are currently nearly 5 percent below what they were a year ago. Last week, Mr. President, we learned that, during the first quarter of this year, the real buying power of the average paychecks dropped at a rate of more than 12 percent.

The American worker has not had a fair deal. And that, of course, is why he is bitterly opposed to what is called wage controls, because he believes that the only control that was exerted was on wages, and he is basically right. Regrettably, much of the mechanism of Government was used to legitimatize price increases rather than control prices.

That did not make the legislation that we passed, however, wrong. The very same medication that can save your life when properly used and prescribed by an ethical doctor can also take your life or destroy it. Opium products are a necessity in the control of pain. They also can be used abusively to destroy humankind by making narcotic addicts out of people. Whatever we have can be used properly or abused, and what we need to understand in this body is that we have the job of trying to prescribe the kind of legislation that is needed, and whether or not that legislation will be properly administered is something over which we cannot have full control, even though I must say that by a very good program of oversight, as was suggested, we might very well be able to make a very real contribution.

So it is a fact, of course, that workers have lost ground, and I want to see them get the kind of wage increase that will permit them to make up that ground. But I want the increases to be fair and reasonable, and I want to avoid locking the economy into another 3-year spiral of wages chasing prices and then prices chasing wages.

How is this to be avoided? In part it can be avoided by providing working people with some modest tax relief, which some of us in this body believe is important and essential. This can substitute for part of the wage losses of the past 2 years, and provide some form of equity in sharing the burdens of the Government. But tax relief is only part of the answer. The other part is the maintenance of Government machinery which can monitor what is happening to prices and wages and then set standards of fairness and reasonableness.

I do not want to see traditional wage relationships get out of line with one another as they did in the construction industry in the late 1960's.

And let the Senate not forget what happened. There were wage settlements made in 1969 in the construction industry, which were completely out of proportion to any other wage agreements which were being negotiated. Let me say to my friends in the organized labor movement, I sat with them when they were uttering their complaints, when the construction industry was going up one line of wage and price increases and the rest of the economy was being held on another line. That was good for no one. Once these disparities and inequities are introduced into the wage structure they take a long time to get reversed or equalized. The cost is more and more inflation, and inflation is a curse that can be endured only by the rich. It is not a cost that working families can afford to pay.

Inflation is a curse to people on fixed incomes, the working families of this country, the elderly, and the poor. Many of our giant corporations manage it quite well just by increasing prices. But a worker is always behind. A 3-year wage contract negotiated by a union has this kind of a prospect: The first year, the worker is trying to catch up on what he lost last year. For the second year, he is holding even with the cost of living; and the third year, he runs behind again. That is what happens in wage contracts.

No one has a greater stake in moderating these forces of inflation and bringing them under control than the working people of America. They cannot afford the "luxury" or the injury of inflation.

In sum, price-wage policy faces two crucial tasks in 1974. First it must deal with administered price increases in concentrated industries. Second it must provide standards of equity and reasonableness in wage settlements. To do this job, the executive branch must be given a few tools with which to work. They must be given the authority as well as the responsibility. The bill we have before the Senate today would provide that authority. I believe it would do so in a way that avoids the excessive delegation of power to the Executive. The Senate should pass this amendment to provide a system of monitoring the economy as outlined in section 203 of the proposed amendment. I ask unanimous consent that section 203 be printed in the RECORD at this point in my remarks.

There being no objection, section 203 was ordered to be printed in the RECORD, as follows:

PRESIDENTIAL MONITORING AUTHORITY

SEC. 203. To carry out the purposes of this title, the President shall—

(1) review the programs and activities of Federal departments and agencies and the private sector which may have adverse effects on supply and cause increases in prices and make recommendations for changes in such programs and activities to increase supply and restrain prices;

(2) review industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups concerned and appropriate governmental agencies to encourage price restraints;

(3) improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint;

(4) conduct public hearings when appropriate to provide for public scrutiny of inflationary problems in various sectors of the economy;

(5) focus attention on the need to increase productivity in both the public and private sectors of the economy;

(6) monitor the economy as a whole, including such matters as wages, costs, productivity, prices, sales, profits, imports, and exports; and

(7) conduct a continuing review of the effect of economic concentration and anticompetitive practices on price and wage inflation and recommend legislation and other appropriate action to reduce the impact of such concentration or practices on inflation.

Mr. HUMPHREY. Our amendment further provides for a system of orderly

decontrol in section 204 of the amendment. I ask unanimous consent that this section be printed in the RECORD at this point in my remarks.

There being no objection, section 204 was ordered to be printed in the RECORD, as follows:

ENFORCEMENT OF DECONTROL COMMITMENTS

SEC. 204. Notwithstanding the expiration of the Economic Stabilization Act of 1970, as amended.

(1) any commitment made or given as a condition of, in connection with, in exchange for, or in the course of decontrol or the grant of other relief from or under such Act, prior to May 1, 1974, shall continue in full force and effect; and

(2) the authority and provisions of sections 203 (relating to Presidential control authority), 208 (relating to sanctions), 209 (relating to injunctions and other relief), and 211 (relating to judicial review) of that Act (as in effect on April 30, 1974) may be invoked against, and shall apply to, any person who violates any commitment made or given as a condition of, in connection with, in exchange for, or in the course of decontrol or the grant of other relief to such person or under such Act, prior to May 1, 1974.

Mr. HUMPHREY. Finally, there is provision for orderly decontrol and standby control authority. I ask unanimous consent that section 205 of the amendment be printed in the RECORD at this point in my remarks.

There being no objection, section 205 was ordered to be printed in the RECORD, as follows:

ORDERLY DECONTROL AND STANDBY CONTROL AUTHORITY

SEC. 205. (a) The President is authorized to issue such orders and regulations (hereinafter "controls") as he deems appropriate, accompanied by a statement of reasons for such orders and regulations, to—

(1) stabilize prices, rents, wages, and salaries at levels not less than those prevailing on April 24, 1974, except that prices may be stabilized at levels below those prevailing on such date if it is necessary to eliminate windfall profits or if it is otherwise necessary to carry out the purposes of this title; and

(2) stabilize interest rates and corporate dividends and similar transfers at levels consistent with orderly economic growth. Such orders and regulations shall provide for the making of such adjustments as may be necessary to prevent gross inequities, and shall be consistent with subsections (b) through (k) of this section.

(b) The President may in his discretion impose controls pursuant to this section on any person who violates a decontrol commitment.

(c)(1) The President may not impose controls pursuant to this section on any person unless the President first makes and publishes in the Federal Register the following findings, together with the reasons therefore:

(i) that there is serious inflation in the economy as a whole;

(ii) that there is serious inflation in an economic sector, which, in the absence of such controls, would lead to severe hardship or deprivation; and

(iii) that the need for such controls to moderate such hardship or deprivation outweighs the possible adverse supply consequences of such controls.

(2) In making the findings required under this subsection, the President shall consider, inter alia, the following:

(A) the extent to which such inflation can be moderated by such controls without the imposition of controls over other sectors;

(B) the extent to which competition in the relevant sector moderates inflationary pressures;

(C) the extent to which such controls will limit supply in the affected sector—

(i) by causing curtailment of production or productivity or impairment of capital formation, productive capacity, or resource availability, or

(ii) by stimulating an increase in foreign demand sufficient to create or exacerbate any domestic shortages; and

(D) the anticipated period of time required for market correction of any inflation or shortage, measured in light of the seriousness of such hardship or deprivation.

(d) Orders and regulations issued under this section shall—

(1) be generally fair and equitable;

(2) provide for the making of such general exceptions and variations as are necessary to foster orderly economic growth and to prevent gross inequities, hardships, serious market disruptions, domestic shortages of raw materials, localized shortages of labor, and windfall profits;

(3) take into account changes in productivity and the cost of living, as well as such other factors consistent with the purposes of this title as are appropriate;

(4) provide for the requiring of appropriate reductions in prices and rents whenever warranted after consideration of lower costs, labor shortages, and other pertinent factors; and

(5) call for generally comparable sacrifices by business and labor.

(e) In determining the wage increases to be permitted under economic stabilization controls, or fashioning commitments under subsection (e) of this section, the President shall give consideration to the need for real earnings to keep pace with increases in the cost of living.

(f) Notwithstanding any other provisions of this title, this title shall be implemented in such a manner that wage increases to any individual whose earnings are substandard or who is a member of the working poor shall not be limited in any manner, until such time as his earnings are no longer substandard or he is no longer a member of the working poor. The President shall prescribe regulations defining for this purpose the term "substandard earnings," but in no case shall such term be defined to mean earnings less than those resulting from a wage or salary rate which yields $3.5 per hour or less.

(g) Whenever the authority of this title is implemented with respect to significant segments of the economy, the President shall require the issuance of regulations or orders providing for the stabilization of interest rates and finance charges, unless he issues a determination, accompanied by a statement of reasons, that such regulations or orders are not necessary to maintain such rates and charges at levels consonant with orderly economic growth.

(h) The authority conferred by this section shall not be exercised to preclude the payment of any increase in wages—

(1) require under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et seq.), or effected as a result of enforcement action under such Act; or

(2) required in order to comply with wage determinations made by any agency in the executive branch of the Government pursuant to law for work (A) performed under contracts with, or to be performed with financial assistance from, the United States or the District of Columbia, or any agency or instrumentality thereof, or (B) performed by aliens who are immigrants or who have been temporarily admitted to the United States pursuant to the Immigration and Nationality Act, as amended (8 U.S.C. 1101 et seq.); or

(3) paid in conjunction with existing or newly established employee incentive programs which are designed to reflect directly increases in employee productivity.

(i) For the purposes of this section the term "wages" and "salaries" do not include reasonable contributions by any employer pursuant to a compensation adjustment for—

(1) any pension, profit sharing, or annuity and savings plan which meets the requirements of section 401(a), 404(a)(2), or 403(b) of the Internal Revenue Code of 1954 (title 26 U.S.C.);

(2) any group insurance plan; or

(3) any disability and health plan:

unless the President determines that the contributions made by any such employer are unreasonably inconsistent with the purposes of this title. Employees in all industries subject to controls under this title shall be treated equally for the purposes of this title.

(j) No State or portion thereof shall be exempted from any application of this title with respect to rents solely by virtue of the fact that it regulates rents by State or local law, regulation or policy.

(k) Nothing in this title may be construed to authorize or require the withholding or reservation of any obligational authority provided by law or of any funds appropriated under such authority.

Mr. HUMPHREY. On Monday, April 22, I outlined in a brief statement my observations on the deterioration in the Nation's economic condition. I am chairman of the Subcommittee on Consumer Economics of the Joint Economic Committee, Mr. President. I spend a great deal of my time on the work of that full committee, and on Monday I stated my observation as to what has been going on and what we might do about it. I ask unanimous consent that those remarks be printed in the RECORD at this point.

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

HUMPHREY BLASTS NIXON ADMINISTRATION ECONOMIC FAILURES

For generations economists have claimed that a high rate of inflation could not exist side by side in our economy with a drop in economic activity, high levels of unemployment and high interest rates. Unfortunately, they will have to rewrite all their textbooks.

The Nixon Administration has clearly proved that, with its economic policies, you can have all of this bad news at the same time.

We have experienced a 5.8 percent nosedive in the real value of the gross national product, the worst drop in total economic activity since the major Republican recession of 1957–58. But we have also suffered a red-hot and broadly based inflation, pushing prices up 10.8 percent in the last three months—the steepest quarterly increase since 1951.

The latest figures confirm that the glowing State of the Union rhetoric about "no recession" and "reduced inflation" was simply the empty promises of a beleaguered President who confused what he would like to see with the hard facts of economic life.

I see no reason to share the optimism regarding hoped for economic performance in the second half of 1974 that is being voiced by the Administration. Its failure to project accurately economic conditions in the last several years has only been surpassed by its inability to deal with our nation's economic woes.

We are now in the midst of a recession. Economic activity has declined in each of the past three months and a further drop in output is expected by many observers.

The unemployment rate has jumped from 4.6 percent in October 1973 to 5.1 percent in March 1974. But this highly unsatisfactory level is expected to do even higher in the next several months.

There is little evidence to support the White House expectation that inflation has reached its peak.

There may be some leveling off of food price increases temporarily during the harvest season.

But it is my judgment that higher prices for raw material to the industrial sector, rising labor costs after a year of relative wage stability, and soaring interest rates will result in pushing prices up at similarly high rates for the remainder of 1974.

As the staggering wholesale price rise of 19 percent during the last 12 months works its inevitable way into retail sales, the harassed American consumer will be faced with yet another big dose of inflation this fall.

With prices racing way ahead of wages for the second straight year, the total failure of Nixon economic policy is painfully evident to America's working families.

We learned Friday that real weekly spendable earnings fell an incredible 12 percent rate during the past quarter.

To reverse the failures of Nixon economic policy we must immediately:

Reduce taxes for low and middle income families in order to stimulate the economy through consumer demand;

Mount an expanded program of public service jobs for the unemployed;

Replace the mismanaged wage/price control program with a permanent inflation monitoring institution, with largely voluntary wage/price guidelines, but some limited stand-by authority to prevent highly inflationary wage and price increases.

While the Administration has consistently argued against such measures, I believe that, in light of its most recent failures, a completely new approach to economic policy is warranted.

In all my years in government, it is hard to remember a failure of leadership any more glaring than the failure of this Administration to develop effective policies to deal with inflation.

Mr. HUMPHREY. There, Mr. President, I did make what I hoped, at least, were some positive proposals. It is not fair for those of us here in the Senate or anywhere else to merely be critics. We do have a responsibility at least to offer some suggestions.

I said that to reverse the failures of the current economic policies, we should immediately reduce taxes for low- and middle-income families in order to stimulate the economy through consumer demand, because we are in a recession; that we should mount an expanded program of public service jobs for the unemployed—there is no reason, in this country, why people who want work, who want to go to work, should not have that opportunity; that we should replace the mismanaged wage-price control program with a permanent inflation monitoring institution, such as is proposed in this amendment, with largely voluntary wage-price guidelines, but some limited standby authority to prevent highly inflationary wage and price increases.

I made the proposal before this amendment came before us. I did not speak lightly, and I did not go out and consult every pressure group in the country. I happen to believe that the greatest single problem facing this country today is the economic problem, and I am, as a Senator, not going to run away from it. I would rather be marked wrong in my recommendations than not make any recommendations. I believe, with Franklin Roosevelt, that we should try, and if what we try should not work, we should try something else, but we should not be guilty of the sins of omission. We should have the courage to try to do something that can be helpful.

In addition to giving the Senate my reasons for supporting this amendment, I have asked the staff of the Joint Economic Committee to determine what some of the leading professional economists have recently advised about the Federal Government continuing some price-wage policies.

The names are in addition to such well known economists as Walter Heller and Charles Schultz, whose support for this bill is already on the record.

Otto Eckstein, former member of the Council of Economic Advisers under President Johnson has said:

The actual rate of inflation up to the April 30th renewal deadline will be so poor that it would be grossly irresponsible to abandon the stabilization program at this instant."

One possibility which I think in any economic discussion has to be raised in whether it wouldn't be practical to go to a free world market approach, take our punishment of seeking equilibrium and get on to a simpler kind of situation. My own belief is that the risk of such a drastically changed strategy during a period of such severe instability would be a social experiment of such high risk that the country cannot afford to run it. The essential task is not whether to swap controls, but to identify what should be retained in the present programs, and what functions need strengthening.

Robert A. Gordon, president elect of the American Economic Association, in a letter to me just 2 days ago supported the Cost of Living Act, saying:

The rate of inflation has continued to accelerate and clearly will be unacceptable this year by anybody's standard. It was a serious mistake to do away with all controls, and this egregious error should be corrected as soon as possible.

Prof. Saul H. Hyman also sent me a letter of support for this action, saying:

I feel that it is most important that the Federal Government continue to monitor general wage and price trends, report its findings on behavior in leading sections to the American people, and state most clearly (and publicly) what it regards as appropriate quantitative goals in the wage-price area.

Dr. Gardner Ackley, Chairman of the Council of Economic Advisers under President Johnson, told the Joint Economic Committee in Febrauary:

Controls may have reduced the rate of inflation in 1973 by perhaps somewhere between 1½ to 3%.

I am suggesting that authority of a general sort, some kind of continuation of government interference in wage and price making process seems to be important, . . .

Mr. President, this is just a sampling of the kind of support this legislative measure has received among the economics profession.

I do not say that there are no economists who are opposed to these standby controls. Indeed, there are. Nor do I say that standby controls will have the kind of success I would hope they would have. But I must say that I consider it my responsibility as a U.S. Senator to see that the executive branch has our advice and counsel, that we legislate what we believe to be necessary public policies, and that we do this in the full knowledge that the situation which we face is most unusual, that even a successful wage and price policy can only have a limited effect but that effect is important enough so that we should give it support.

If we could hold back the rate of inflation by 1 percent, it would mean billions of dollars saved to the American people. But not if we throw open the gates and say to everyone, "Go to it. Grab everything you can get. Raise prices as much as you wish. Get as much as you can at the bargaining table on wages."

Mr. President, if that is what happens, then I would suggest that the United States will be in the most serious economic condition it has faced since the Great Depression.

Mr. President, I ask unanimous consent to have printed in the RECORD an article written by the distinguished economist, Dr. Walter Heller, in a recent issue of the Wall Street Journal.

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

THE UNTIMELY FLIGHT FROM CONTROLS

(By Walter W. Heller)

Congress is about to outdo the White House in running away from the inflation problem:

While correctly observing that business and labor are bitterly opposed to wage-price controls—and that consumer views range from skeptical to cynical—Congress is mistakenly sending such controls to the gas chamber rather than putting them in cold storage.

While correctly concluding that broad-scale mandatory controls had outlived their usefulness in an excess-demand, shortage-plagued economy, Congress is mistakenly walking away from its responsibility to assert the public interest in price-wage moderation in an economy plagued by softening demand and rising unemployment.

While correctly observing that the White House has done its level worst to discredit controls, Congress is mistakenly refusing even John Dunlop and the Cost of Living Council the leverage they need to insure that the pledges of price moderation and supply increases made in exchange for early de-control by many industries will be redeemed.

Granting that controls are in ill repute, one wonders how Congress can explain to itself today—let alone to voters next fall—the discarding of all wage-price restraints in the face of record rates of inflation of 12% in the cost of living and 15% in wholesale prices (including an ominous 35% rate of inflation last month in industrial commodity prices). Is it the product of a growing "what's-the-use attitude? Is it an implicit surrender to an inflation that is deemed in part to be woven into the institutional fabric of our economy and in part visited upon us by uncontrollable external forces like world food and material shortages and oil cartels? In short, is inflation now thought to be not just out of control but beyond our control?

MILTON FRIEDMAN'S STREAK

An affirmative answer to these brooding questions seems to underlie Milton Friedman's recent economic streak—one which evokes surprise, astonishment, and disbelief

in the best streaking tradition—from Smithian laissez-faire to Brazilian indexation. At present, we use the cost-of-living escalator selectively to protect 32 million Social Security and civil service beneficiaries and 13 million recipients of foodstamps and to hedge inflation bets in wage contracts for 10% of the labor force. Mr. Friedman would put all groups—those who profit from inflation and those who suffer from it alike—on the inflation escalator and thus help institutionalize our present double-digit rates of inflation.

Meanwhile, interest rates are soaring as Arthur Burns and the Fed man their lonely ramparts in the battle against inflation. With wage-price control headed for oblivion in the face of seething inflation, the Fed apparently views itself as the last bastion of inflation defense. So it is adding to the witches' brew by implicitly calling on unemployment and economic slack to help check the inflation spiral.

In this atmosphere, and deafened by the drumfire of powerful labor and business lobbies, Congress seems to have closed its mind to the legitimate continuing role of price-wage constraints. What is that role in an economy relying primarily, as it should, on the dictates of the marketplace?

First are the important transitional functions of the Cost of Living Council for which Mr. Dunlop, with vacillating support from the White House, asked congressional authority. In its new form after April 30 the Council would have:

—enforced commitments made by the cement, fertilizer, auto, tire and tube, and many other de-controlled industries to restrain prices and-or expand supplies—commitments that would become unenforceable when COLC goes down the drain with the Economic Stabilization Act on April 30;

—protected patients against an explosion of hospital fees by keeping mandatory controls on the health-care industry until Congress adopts a national health insurance plan;

Prevented an early explosion of construction wages and the associated danger that housing recovery might be crippled;

Maintained veto power over wage bargains that are eligible for reopening when mandatory controls are lifted.

Beyond Phase 4's post-operative period, government needs to assert its presence in wage-price developments in several critical ways.

The first would be to continue the important function of monitoring other government agencies, of keeping a wary anti-inflationary eye on their farm, labor, trade, transport, energy and housing policies. The point is to protect consumers from the price consequences of the cost-boosting and price-propping activities of the producer-oriented agencies. The White House could continue this function without congressional authority, but a statutory base would give the watchdog agency much more clout.

Second would be the task of working with industry, labor, and government units to improve wage bargaining and relieve bottleneck inflation by encouraging increased production of scarce goods and raw materials.

Third, and by far the most important, would be the monitoring of major wage bargains and price decisions and spotlighting those that flout the public interest.

The trauma of Phases 3 and 4 has apparently blotted out memories of the painfully relevant experience of 1969–71:

The school's-out, hands-off policy announced by Mr. Nixon early in 1969 touched off a rash of price increases and let a vicious wage-price spiral propel inflation upward even while the economy was moving downward.

Only when Mr. Nixon finally moved in with the powerful circuit-breaker of the 90-day freeze was the spiral turned off.

Today, the urgent task is to see that it's not turned on again. In that quest, some forces are working in our favor:

Much of the steam should be going out of special-sector inflation in oil, food, and raw materials.

The pop-up or bubble effect of ending mandatory controls should work its inflationary way through the economy by the end of the year.

As yet, wage settlements show few signs of shooting upwards as they did in 1969–70, when first-year increases jumped from 8% to 16% in less than a year. Wage moderation in 1973—induced in part by wage controls, but even more by the absence of inordinate profits in most labor intensive industries and by the fact that the critical bottlenecks were in materials and manufacturing capacity rather than in labor supply—has set no high pay targets for labor to shoot at.

Thus far in 1974, the aluminum, can, and newly signed steel settlements won't greatly boost those targets. So the wage-wage spiral is not yet at work. Since, in addition, cost-of-living escalators apply to only one-tenth of the U.S. work force, the ballooning cost of living has not yet triggered a new price-wage spiral. Still, there is a distinct calm-before-the-storm feeling abroad in the land of labor negotiations.

A MODERATION IN INFLATION

With demand softening and shortages easing in large segments of the economy, the old rules of the marketplace would suggest that inflation is bound to moderate. And the odds are that it will—but how fast, how far, and how firmly is another matter. And that's where a price-wage monitor with a firm statutory base is badly needed. It could play a significant role in inducing big business to break the heady habit of escalating prices and in forestalling big labor's addiction to double-digit wage advances.

Industry after industry has gotten into the habit of raising prices on a cost-justified basis as energy, food, and raw material prices skyrocketed. De-control will reinforce that habit.

Once these bulges have worked their way through the economy, we tend to assume that virulent inflation will subside. Indeed, in some areas such as retailing, farm products, small business, and much of unorganized labor, competitive market forces will operate to help business and labor kick the inflationary habit.

But in areas dominated by powerful unions and industrial oligopolies, a prod is needed if habitual inflation—inflation with no visible means of support from underlying supply and demand conditions in the economy—is to be broken. If it is not, the threat of a wage break-out will loom large in upcoming wage negotiations in the construction, communications, aerospace, shipbuilding, airlines, mining, and railroad industries. In those critical negotiations, the wage moderation of the past two years could go up in smoke if the ebbing of non-labor cost pressures is simply converted into profits rather than being shared with consumers in price moderation.

Congress and the White House are taking undue risks if they rely entirely on market forces to achieve this end, especially in those large areas of the economy where competitive forces are not strong enough to protect the consumer. To serve as his ombudsman and to help prevent the picking of his pocket by a management-labor coalition, the consumer needs a watchdog agency that will bark and growl and occasionally bite. Such an agency—which could accomplish a good deal by skillful exercise of the powers of inquiry and publicity and much more if it were able to draw, sparingly, on powers of suspension and rollback when faced with gross violations and defiance—could provide substantial insurance against inflation by habit.

CONTENTS OF AN ACTION PROGRAM

An action program to accomplish the foregoing would have included—indeed, given a miracle of courage, conviction and speed, could still include—the following elements:

A quick and simple extension of the stand-by powers of the Economic Stabilization Act.

Granting of the authority requested by John Dunlop for the transitional period.

The establishment of a monitoring agency—preferably by statute and equipped with last-resort suspension and rollback powers, but if that is not to be, then by White House action and relying mainly on instruments of inquiry and publicity—to look over the shoulder of big business and big labor on behalf of the consumer.

To declare open season on wage-price decisions under present circumstances—as we seem hell-bent to do in our disenchantment with controls and sudden revival of faith in the market system—would be one more example of the classic action-reaction pattern that excludes the middle way. The Congress and the country may well rue the day when, largely at the behest of big business and organized labor, the government presence in their price and wage decisions was mindlessly liquidated, leaving the consumer to fend for himself.

Mr. HUMPHREY. Mr. President, Dr. Heller has outlined for us the dangers in what he calls "the Untimely Flight from Controls."

He properly notes that Congress and the White House are taking undue risks if they rely entirely on market forces to achieve a leveling off of inflation and to bring about price moderation.

Dr. Heller goes on to recommend an action program which includes: First, a quick and simple extension of the stand-by powers of the Economic Stabilization Act; second, granting of the authority requested by Dr. John Dunlop for the transitional period; and third, the establishment of a monitoring agency—preferably by statute and equipped with last-resort suspension and rollback powers, much of which is included in the bill before us.

I would hope that Members of Congress would heed the advice given by this distinguished economist. It makes good sense.

Mr. President, I would hope that the Senate will have the courage and the foresight to pass this amendment.

Mr. MUSKIE. Mr. President, I have listened with great interest and appreciation to the analysis of the problem and the rationale for supporting the amendment which has just been given by the distinguished Senator from Minnesota (Mr. HUMPHREY).

As always, he brings to a subject which he feels deeply, great eloquence and the ability to articulate commonsense. His presentation is almost as good as the one he made at the Democratic Caucus, when he was not quite so restrained or inhibited, which he has uncharacteristically been this afternoon.

But I appreciate his statement. He and I, as cosponsors of this legislation, are fighting an uphill fight. But it is a worthy one. His support for this legislation is a great reassurance to all of us, and I want to express to him my appreciation.

Mr. HUMPHREY. Mr. President, I want to thank the distinguished Senator from Maine and to commend him, and the distinguished Senator from Louisi-

ana (Mr. JOHNSTON) and the distinguished Senator from Illinois (Mr. STEVENSON) and others who have taken a real lead here. I believe very strongly that what they are doing is necessary, even if it may be painful and at times uncomfortable.

Mr. JOHNSTON. I should like to add to the kudos of my colleague from Maine and say my only regret with respect to the remarks of the distinguished Senator from Minnesota (Mr. HUMPHREY) is that more Senators could not have heard it because I daresay, if the Senate as a whole heard that speech, this bill would pass overwhelmingly. I hope it does. I hope that he will get to the problem on Wednesday and repeat some of his speech because it is very powerful and persuasive. It brings forth the key points in the fight against inflation. I hope that the Senator from Minnesota will repeat it.

Mr. HUMPHREY. I thank the Senator from Louisiana very much.

Mr. HANSEN. Mr. President, at the 11th hour, one more proposal has surfaced that would extend the Economic Stabilization Act for another year. I firmly believe that we do not stand to benefit from any further reliance upon price and wage controls, and we ought to permit the controls to die tomorrow night. For whatever temporary use and relevance controls had in 1971, they no longer are working against inflation. Their main result now is to produce shortages, inefficiencies, and wasteful practices, and these inevitably put further pressure on our serious inflation problem.

I am particularly disturbed by the proposed legislation's language that would grant continued standby authority to reimpose mandatory price and wage controls. The Congress must recognize the lessons that we should have learned a year ago when the Stabilization Act was up for renewal. At that time, the many proposals for new freezes, price rollbacks, and other strong measures simply encouraged business and labor to put through every possible price and wage increase out of fear that subsequent, tougher controls would disallow those actions. This same practice will follow this year if the Congress passes legislation with standby authority for the reimposition of controls. That would give business and labor every incentive to try to beat the system by raising prices and wages as fast and as far as possible.

Instead, we in the Congress must face up to our responsibilities and stop tinkering artificially with price and wage decisions in the marketplace. Thirty-two and one-half months of controls have been more than enough. Direct price and wage controls have been tried, and they have been found wanting. They should be permitted to end tomorrow night and we should face up to the fight against inflation by reliance upon the fundamentals of sound fiscal and monetary policies.

Mr. JAVITS. Mr. President, I find great satisfaction in what is occurring. I realize that we have had a number of hours of debate on this subject and that at times I have not been able to be here, but I want to add my point of view to the RECORD as it will be read tomorrow and Wednesday by other Members of the Senate. I wish to express my satisfaction with what is, at long last, occurring here.

Mr. President, the idea of standby wage and price controls was written off as being dead only a week or 10 days ago, when the concept was turned down by heavy votes both in the House and Senate Banking Committees. I believe that lesser men would have called it a day.

But I also believe that the feeling which has brought this measure to the floor now, with what I consider to be substantial support, indicates the kind of conscience which is almost imperceptibly changing the nature of Congress.

The conscience of Congress has been stimulated by the understanding that we represent all the people, even in a cozy political year such as 1974. We represent all the people. We have not been intimidated. It is interesting that it is mainly the so-called liberals who back the amendment, men who are, in essence, responsive to labor, as I am myself, but who are not sold to anyone. Many times labor is right. We are all with them. We are delighted to have their backing. But we are no one's handmaidens. This is what this action indicates, that there is a conscience, and that it is an American conscience as shown by the jury in New York—of which I am very proud—which acquitted Mitchell and Stans notwithstanding the label of Watergate. It shows that justice is still evenhanded in the United States. The jury was charged on the basis of the facts in any given case. It was not doctrinaire.

So it must be with us.

None of us like controls. I do not like them. I have been in business a long, long time, and in big business, and no one liked controls then. But sometimes they are necessary, as we ourselves have found.

Great wars have consumed so much and have produced so little. They produce nothing in terms of material things. It is swept under the rug for so long, and we pile up an accumulation of disbursements without recompense of so many tens of billions of dollars, we have to pay for it, and we have to pay for it in some kind of discipline. This is that kind of discipline.

So I rise tonight only to emphasize the fact that at last, in this and many other matters, Congress is beginning to face its duty, that nothing is dead around here to which the voice of conscience speaks and where there can be a response from the voice of conscience.

The fact is that the most damaging blow to the continuance of an essential wage and price policy was the fact that labor walked away from it. It is my conviction that it is to the worst detriment of the workingman to walk away from it. Sure, he is going to get "his." But "his" will inevitably leave him worse off at the end of 1974, just as he was worse off at the end of 1973 in terms of real income.

The point is that unless some stability is introduced into the price structure, of which wages are an element, unless some effort is made to redress the balance of fairness, we will not get anywhere by a policy of cutting off one's nose to spite one's face, and that is exactly what is happening in the labor field. It is true that labor has been imposed upon, abused, discriminated against; and that labor has been disciplined where very few others have been. But that does not mean that controls policy is wrong per se, or that it is still not in labor's best interest. We will prove that it is, and the very eloquent statements that Senator HUMPHREY read, coming from distinguished men, will prove that, also.

We are not blindly—in this amendment which Senator MUSKIE has taken such outstanding leadership in developing—moving into a control area. Is it not shameful to Congress that as of April 30, tomorrow, no commitment, made in good faith to the Price Administrator, Dr. Dunlop, in exchange for a release from controls at earlier dates when the law was invoked, can be enforced by any agency of the United States? Why are we just jettisoning that, throwing it into the ashcan? That is not a great way to win respect for government.

In addition, we are allowing no other way in which that kind of commitment, even if patriotically desired, may be made by a whole industry.

I think the case for standby authority is very strong and the fight is very worthwhile. Let us remember that the public still makes, especially in an election year, the debate in this country. I believe that working men and women understand that they cannot maintain these standards of living without the aid of government at this time.

All we are asking for is that the authority be not dismantled, so that if it has to be invoked, it does not become wound up in its own feet, as often happens here. I have a salient example of this: The Senate ought to be working deep and hard on the energy issue; but this critical issue may die in the process of the Congress attempt to take action. We have not yet passed a single effective energy measure. Yet, this is the crying need of the country and the world. It is no wonder that the people rate Congress as only 30 percent effective when we cannot get untangled from our own feet in the face of an emergency as critical as that. Everybody has forgotten all about conservation, although the problem is still very deeply with us.

So, Mr. President, I think that the effort to maintain standby authority is not only a worthwhile fight, but also that it is absolutely essential in the interests of our Nation that it be made.

While I respect the sincerity of those who are opposed to us, I hope they will respect our sincerity. Whether or not our battle is successful will depend very much on whether the people are as aroused as we are. I am delighted that Senator CASE and I have contributed the bipartisan nature to this particular effort, and the kind of support and eloquence of the argument, and the urgency of the moment, I believe, give us a very good chance to succeed.

So I join my colleagues in my commitment and deep conviction that this is

the right thing to do. We see on many sides the power in Congress to assert itself, not to be dead on its feet, and I believe that America gives us a pretty reasonable chance to succeed when we do right.

I had a very old friend in California who never went to school but who headed an enormous corporation. He was a great success. He used to say, "There is always a right way to do right." And that is what we are doing.

Mr. TOWER. Mr. President, I do not wish to detain the Senate. It is getting late. I will have more to say on this matter on Wednesday. But I think I would be remiss if I did not say a word or two at this time.

I was the minority floor leader twice when the authority under the Economic Stabilization Act of 1970 was renewed. Twice I have supported it. Twice I have debated in favor of it. But I have come to the conclusion that it is time to let the mechanism of the marketplace work its will.

The Senator from Wisconsin (Mr. PROXMIRE) made a valid point in noting that much of our economy is already decontrolled and we are at this moment feeling some of the price bubble that we had predicted would occur with the expiration of the authority on April 30. I think in the proposal that has been made by men of good will and good intention, we may be holding forth to the general citizenry of this country a promise we cannot fulfill.

We must understand our inflation in context. We are in a worldwide demand-pull inflation, and any unilateral efforts on the part of the United States to deal with it will not solve the problem. That is not to say we are powerless to act here at home. But, a regulation of the economy, or attempted regulation of the economy, will not alter the fact that there is an ongoing worldwide demand-pull inflation and that it is likely to continue.

So I am hopeful people in this country will not be deluded into thinking that if we act favorably on this measure, we are indeed going to end inflation or perhaps even slow its momentum. I am not sure what the actual impact of this measure would be, should it be enacted, but I have little hope that we can stabilize prices without allowing the market-regulated economy to work.

ORDER FOR H.R. 13999 TO BE HELD AT THE DESK TEMPORARILY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that H.R. 13999 be held at the desk temporarily.

The PRESIDING OFFICER (Mr. MUSKIE). Without objection, it is so ordered.

EXTENSION OF TIME FOR THE SPECIAL COMMITTEE ON AGING TO FILE ITS REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of the distinguished senior Senator from West Virginia (Mr. RANDOLPH), I make the following unanimous-consent request.

Mr. President, on behalf of the chairman of the Special Committee on Aging, the Senator from Idaho (Mr. CHURCH), I ask unanimous consent to move from April 30 to May 15 the date by which the report of the Special Committee on Aging, "Developments in Aging 1973, January–March 1974," shall be submitted. This request has been cleared with the distinguished Senator from Hawaii (Mr. FONG).

The extension is requested because the Committee on Rules and Administration is considering Senate Resolution 310, a resolution to print additional copies of the report.

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

S. 2686—PRIVILEGE OF THE FLOOR

Mr. JAVITS. Mr. President, I ask unanimous consent that Ms. Leslie Bander may have the privilege of the floor during the consideration of the Muskie amendment.

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

ORDER FOR ADJOURNMENT FROM TUESDAY UNTIL 10:30 A.M. ON WEDNESDAY, MAY 1, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow it stand in adjournment until the hour of 10:30 a.m. on Wednesday next.

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

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON WEDNESDAY, MAY 1, 1974

Mr. ROBERT C BYRD. Mr. President, I ask unanimous consent that on Wednesday after the two leaders or their designees have been recognized under the standing order there be a period for the transaction of routine morning business with statements limited therein to 5 minutes each, the period not to extend beyond 11 o'clock a.m.

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

ORDER FOR CONSIDERATION OF UNFINISHED BUSINESS (S. 354) ON WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the hour of 11 o'clock a.m. on Wednesday the Senate resume consideration of the unfinished business, the no-fault insurance bill.

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

S. 354, NO-FAULT INSURANCE BILL—TIME LIMITATION AGREEMENT—ORDER OF BUSINESS ON WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the resumption of the no-fault insurance bill on Wednesday the pending question be on the adoption of the amendment by Mr. MONDALE; that there be a time limit thereon of 20 minutes, to be equally divided; that a vote then occur on the Mondale amendment; that upon the disposition of the Mondale amendment there be a 20-minute time limitation upon an amendment by Mr. HELMS, and that the vote then occur; that upon the disposition of the vote on the Helms amendment, the Senator from Nebraska (Mr. HRUSKA) be recognized to make a motion to recommit; that there be a 90-minute debate on the motion to recommit and that upon the disposition thereof the vote occur; that if the bill is not recommitted, there be 1 hour of debate prior to the vote at 3 p.m. on final passage of the bill, for which waiver of paragraph 3, rule XII already has been secured; and that in each instance the time be divided and controlled in accordance with the usual form.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, tomorrow the Senate will convene at the hour of 10 a.m. After the two leaders or their designees have been recognized under the standing order, there will be 2 hours for statements in connection with the Day for National Prayer and Fasting, as envisioned by the resolution introduced by the distinguished Senator from Oregon (Mr. HATFIELD).

At the hour of 12 o'clock noon 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 each. At the conclusion of the transaction of routine morning business, the Senate will resume consideration of the unfinished business, the no-fault insurance bill. Yeas and nays may occur on amendments to that bill. Conference reports are in order at any time, and other measures cleared for action may be called up. Yea-and-nay votes may occur.

ADJOURNMENT UNTIL 10 A.M.

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 adjournment until the hour of 10 a.m. tomorrow.

The motion was agreed to; and at 6:24 p.m. the Senate adjourned until Tuesday, April 30, 1974, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate April 29, 1974:

DEPARTMENT OF STATE

Stanton D. Anderson, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Costa Rica.

Joseph W. Twinam, of Tennessee, a Foreign Service Officer of class 4, to be Ambas-

sador Extraordinary and Plenipotentiary of the United States of America to the State of Bahrain.

Michael Sterner, of New York, a Foreign Service Officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Arab Emirates.

DEPARTMENT OF JUSTICE

James L. Browning, Jr., of California, to be U.S. attorney for the northern district of California for the term of 4 years. (Reappointment)

David G. Trager, of New York, to be U.S. attorney for the eastern district of New York for the term of 4 years vice Robert A. Morse, deceased.

IN THE AIR FORCE

The following officer for temporary appointment to the grade of brigadier general in the U.S. Air Force under the provisions of chapter 839, title 10 of the United States Code:

To be brigadier general

Col. Harry C. Aderholt, [redacted] FR, Regular Air Force.

IN THE ARMY

The following-named officers to be placed Army of the United States (major general on the retired list in the grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. Sylvester Collins, Jr., [redacted] U.S. Army).

Lt. Gen. Richard Thomas Knowles, [redacted], Army of the United States, (major general, U.S. Army).

Lt. Gen. George Phillip Seneff, Jr., [redacted], Army of the United States (major general, U.S. Army).

Lt. Gen. Glenn David Walker, [redacted] Army of the United States (major general, U.S. Army).

The following-named officers for temporary appointment in the Army of the United States to the grade indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be brigadier general

Col. James T. Tuberty, [redacted], U.S. Army.

Col. Rex D. Wing, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Kenneth E. McIntyre, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Richard M. Connell, [redacted], Army of the United States (lieutenant colonel. U.S. Army).

Col. Charles I. McGinnis, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Donald F. Packard, [redacted] U.S. Army.

Col. Emil L. Konopnicki, [redacted] U.S. Army.

Col. Franklin J. Glunn, [redacted] U.S. Army.

Col. John K. Stoner, Jr., [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. James W. Cannon, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Emory M. Sneeden, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Roswell E. Round, Jr., [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Thomas B. Mancinelli, [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. Sampson H. Bass, Jr., [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. William R. Todd, [redacted], Army of the United States (lieutenant colonel, U.S Army).

Col. Richard S. Kotite, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. George B. Price, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. James C. Pennington, [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. James M. Thompson, [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. Alexander M. Wayland, [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. Louis W. Prentiss, Jr., [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. Edwin L. Kennedy, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Richard L. Prillaman, [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. John B. Blount, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Paul J. Mueller, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Rufus C. Lazzell, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. William E. Cooper, Jr., [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. William B. Steele, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Daniel W. French, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Edwin C. Heffelfinger, [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. Jere W. Sharp, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Charles F. Gorden, Jr., [redacted] Army of the United States, (lieutenant colonel, U.S. Army).

Col. William L. Shea, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Alfred L. Sanderson, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Lucien E. Bolduc, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Donald E. Rosenblum, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Donald E. Sampson, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Wilman D. Barnes, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Emmett W. Bowers, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. William H. Fitts, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. William J. Livsey, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Floyd C. Adams, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Alfred J. Cade, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. David E. Watts, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. James F. Cochran III, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Joseph N. Jaggers, Jr., [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Thomas D. Ayers, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. William C. Rousse, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Walter F. Ulmer, Jr., [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Glenn K. Otis, [redacted] Army of the United States (major, U.S. Army).

IN THE AIR FORCE

The following-named Air Force officers for reappointment to the active list of the Regular Air Force, in the grade indicated, under the provisions of sections 1210 and 1211, United States Code:

LINE OF THE AIR FORCE

To be colonel

Chasteen, John R., [redacted].
Shiner, Byron D., [redacted].
Snyder, Wallace S., [redacted].
Zeck, Francis H. C., [redacted].

To be lieutenant colonel

Kirby, Elwin G., [redacted]
Roddy, John M., Jr., [redacted]

To be captain

Machuta, James J., [redacted]
Orman, Charles R., [redacted]

The following-named Air Force officer for reappointment to the active list of the Regular Air Force, in the grade of major, Regular Air Force, under the provisions of sections 1210 and 1211, title 10, United States Code with active duty grade of temporary lieutenant colonel, in accordance with sections 8444 and 8447, title 10, United States Code:

LINE OF THE AIR FORCE

Kimbrough, Duke S. [redacted]

The following-named Air Force officers for reappointment to the active list of the Regular Air Force, in the grade indicated, under the provisions of sections 1210 and 1211, title 10, United States Code, with active duty grade of temporary colonel, in accordance with section 8444 and 8447, title 10, United States Code:

MEDICAL SERVICE CORPS

To be lieutenant colonel

Berlow, Leonard, [redacted].
Dye, Fred C., [redacted]

The following-named officer for promotion in the Regular Air Force under appropriate provisions of chapter 835, title 10, United States Code, as amended. Officer is subject to physical examination required by law:

LINE OF THE AIR FORCE

Captain to major

Fahey, Omer D., [redacted].

The following-named officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8384, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

MEDICAL CORPS

To be major

Alcazar, Esteban A., [redacted]

DENTAL CORPS

To be captain

Bulkema, Donald J., [redacted]
Gambino, Peter A., [redacted]
Hastings, Dwight L., [redacted]
Jackson, Anson B., [redacted]
Schmitt, Charles R., [redacted]

JUDGE ADVOCATE

To be captain

The following-named Air Force officers for promotion in the Air Force Reserve, under the provisions of sections 8376 and 593, title 10, United States Code:

LINE OF THE AIR FORCE

Lieutenant colonel to be colonel

Madison, Thomas M., [redacted]

MEDICAL CORPS

Gomezdisdier, Rafael M., [redacted]
McIntosh, Duncan A., [redacted]

LINE OF THE AIR FORCE

Major to be lieutenant colonel

Anderson, Dana R., [redacted]
Burer, Arthur W., [redacted]
Cody, Leonard S., [redacted]
Crotts, Larry W., [redacted]
Draper, Dichard L., Jr., [redacted]
Given, David J., [redacted]
Hallawell, Joseph F. Jr., [redacted]
Huntsman, Robert J., [redacted]
Johnson, Richard E., [redacted]
Kersen, Sidney T., [redacted]
Malkosky, Robert W., [redacted]
Moody, Donald R., [redacted]
Schlosser, Martin G., [redacted]
Stone, Ralph E., [redacted]
Wilkes, James F., [redacted]

DENTAL CORPS

Kay, William D., [redacted]
Salzmann, Jacob A., [redacted]

MEDICAL CORPS

Cruzjimenez, Pedro R., [redacted]
Magnuson, Arthur W., [redacted]

NURSE CORPS

Lienemann, Patricia A., [redacted]

The following-named persons for appointment as Reserves of the Air Force, in the grade indicated, under the provisions of section 593, title 10, United States Code, with a view to designation as medical officers, under the provisions of section 8067, title 10, United States Code:

MEDICAL CORPS

To be colonel

Chan, Claude H., [redacted]
Freeark, George L., [redacted]
Hahn, John R., [redacted]
Hough, Gerald P., [redacted]
Lindes, De Armond, [redacted]
Migden, William, [redacted]

To be lieutenant colonel

Gilpin, Eugene L., [redacted]
Mills, Robert D., [redacted]
Panettiere, Frank, [redacted]
Stewart, Roger R., [redacted]
Vause, David D., [redacted]

The following-named officers for appointment as Reserves of the Air Force, in the grade indicated, under the provisions of sections 593 and 1211, title 10, United States Code:

LINE OF THE AIR FORCE

To be lieutenant colonel

Boze, William E., [redacted]
Clark, Ned E., [redacted]
Royer, Kenneth D., [redacted]

The following-named persons for appointment as temporary officers in the U.S. Air Force, in the grade indicated, under the provisions of sections 8444 and 8447, title 10, United States Code, with a view to designation as medical officers under the provisions of section 8067, title 10, United States Code:

MEDICAL CORPS

To be lieutenant colonel

Burstein, Alvin J., [redacted]
Livonia, Robert A., [redacted]
Stewart, Roger R., [redacted]
Strine, James A., [redacted]

The following-named persons for appointment as a Reserve of the Air Force, in the grade indicated, under the provisions of section 593, title 10, United States Code:

LINE OF THE AIR FORCE

To be colonel

Herron, Arthur W., [redacted]

To be lieutenant colonel

Hoffman, Albert J., [redacted]
Mancuso, Salvatore T., [redacted]

The following-named officer for appointment as a Reserve of the Air Force, in the grade indicated, under the provisions of sections 593 and 716, title 10, United States Code, with a view to designation as judge advocate, under the provisions of section 8067, title 10, United States Code:

JUDGE ADVOCATE

To be lieutenant colonel

De Ment, Ira III, [redacted]

The following-named officer for appointment as a Reserve of the Air Force, in the grade indicated, under the provisions of sections 593, 8351 and 8381, title 10, United States Code:

LINE OF THE AIR FORCE

To be lieutenant colonel

Day, Paul R., [redacted]

IN THE ARMY

The following-named cadets, graduating class of 1974, U.S. Military Academy, for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 3283 through 4353:

Abdo, Michael J., [redacted]
Adair, Lawrence R., [redacted]
Adams, Jonathan P., [redacted]
Adams, Stephen C., [redacted]
Albrecht, William E., [redacted]
Aldridge, William R., [redacted]
Aleshin, John N., [redacted]
Alexander, Charles W., [redacted]
Alexander, Keith B., [redacted]
Alexander, Robert S., [redacted]
Allinder, William L., [redacted]
Anderson, Brian W., [redacted]
Anderson, Gary J., [redacted]
Anderson, Jeffrey W., [redacted]
Anderson, Robert C., [redacted]
Anderson, Norman H., [redacted]
Andren, Erik S., [redacted]
Andreotta, Mark P., [redacted]
Annis, Paul T., Jr., [redacted]
Anthony, Thomas J., Jr., [redacted]
Armstrong, Clare H., III, [redacted]
Arn, Stephen P., [redacted]
Arunski, Karl J., [redacted]
Astin, Roger W., [redacted]
Austin, Mark W., [redacted]
Bacastow, Todd S., [redacted]
Bailey, Bruce B., II, [redacted]
Baker, Mark W., [redacted]
Ballard, Richard F., [redacted]
Ballew, William W., [redacted]
Banks, Allan A., III, [redacted]
Barbero, Eugene G., [redacted]
Barclay, James C., [redacted]
Barker, Charles W., III, [redacted]
Barker, James T., Jr., [redacted]
Barnes, Clifford G., Jr., [redacted]
Barnes, Eric R., [redacted]
Barnett, Harold D., [redacted]
Barton, Terry L., [redacted]
Bash, Homer J., [redacted]
Bassler, Robert E., III, [redacted]
Batchelor, Cecil G., Jr., [redacted]
Batiste, John R., [redacted]
Bauman, Geary O., [redacted]
Bean, Gregory G., [redacted]
Bearce, Michael B., [redacted]
Beardsley, Benedict J., [redacted]
Beecher, Robert J., [redacted]
Bell, William R., [redacted]
Bennett, Thomas J., [redacted]
Benton, Stephen R., [redacted]
Berish, Richard J., [redacted]
Berner, Howard E., Jr., [redacted]
Best, Marshall L., [redacted]
Bethel, Lawrence C., II, [redacted]
Betson, William R., [redacted]
Bickings, Duane K., [redacted]
Billingsley, Chester A., IV, [redacted]
Bilter, Dennis L., [redacted]
Binger, Richard G., [redacted]
Bingham, David A., [redacted]
Bishop, Gary T., [redacted]
Black, Barry E., [redacted]
Blackman, Merrill S., [redacted]
Blackwell, James A., Jr., [redacted]
Blanco, John F., [redacted]
Blasko, Dennis J., [redacted]
Blinten, Dale A., [redacted]
Blunier, Clinton D., II, [redacted]
Bly, Harold J. H., [redacted]
Bokmeyer, Mark A., [redacted]
Bollens, Steven T., [redacted]
Bondy, Dana R., [redacted]
Bonnet, Joseph C., III, [redacted]
Borje, Donald J., [redacted]
Borman, Frederick P., [redacted]
Boron, Gregory F., [redacted]
Bosse, David A., [redacted]
Bourn, Guy M., [redacted]
Bower, Ralph E., III, [redacted]
Boyd, Donald M., [redacted]
Bradley, Michael J., Jr., [redacted]
Bradshaw, Thomas A., [redacted]
Bransford, William M., [redacted]
Braxton, Maceo, Jr., [redacted]
Brennen, Thomas P., [redacted]
Breton, Peter L., [redacted]
Brettell, James R., [redacted]
Bross, Richard, [redacted]
Brown, David F., [redacted]
Brown, Dennis C., [redacted]
Brown, James D., [redacted]
Brown, Michael R., [redacted]
Brown, Stephen L., [redacted]
Bruch, Randall E., [redacted]
Bryant, Albert, Jr., [redacted]
Buenzow, Kenneth R., Jr., [redacted]
Bull, Layton R., [redacted]
Bumgarner, Ned A., [redacted]
Burden, James A., [redacted]
Burdumy, William A., [redacted]
Burget, David L., [redacted]
Burkhart, Gregory D., [redacted]
Buto, David W., [redacted]
Butson, Gregory A., [redacted]
Byrne, James F., Jr., [redacted]
Callahan, Terry B., [redacted]
Campo, Michael J., [redacted]
Canfield, Byron D., [redacted]
Cantwell, Donald D., [redacted]
Carattini, Darryl R., [redacted]
Carroll, Darryrl C., [redacted]
Carver, Alan T., [redacted]
Case, Carl E., Jr., [redacted]
Cathcart, Douglas C., [redacted]
Cerny, Jeffrey D., [redacted]
Cerutti, Edward A., [redacted]
Chabot, Edmund L., [redacted]
Chachere, Ernest G., Jr., [redacted]
Chadwick, William I., [redacted]
Chafin, James T., III, [redacted]
Cisek, James F., [redacted]
Ciupak, Roman, [redacted]
Clark, Paul R., [redacted]
Clarke, Edward C., [redacted]
Clausen, Clifford O., [redacted]
Cleek, Robert L., [redacted]
Clifford, Michael R. U., [redacted]
Clowes, Brian W., [redacted]
Coats, Reggie N., [redacted]
Cobb, Charles E., [redacted]
Coffelt, Randall L., [redacted]
Coggin, James A., [redacted]
Coker, Philip D., [redacted]
Coleman, Gary S., [redacted]
Combest, Michael L., [redacted]
Conley, Adrian C., [redacted]
Conner, William L., Jr., [redacted]
Connor, Vincent J., [redacted]
Cook, Jay F., [redacted]
Cooley, Rodney D., [redacted]
Cooney, Harold E., Jr., [redacted]
Cooney, Patrick, J., [redacted]
Corey, John A., [redacted]
Corman, James A., [redacted]
Corson, Richard A., [redacted]
Cosio, Michael Q., [redacted]
Craigmile, Mitchell G., [redacted]
Crane, Conrad C., [redacted]
Crawford, Roy P., [redacted]

Crewse, Douglas O., [redacted]
Crocker, Michael S., [redacted]
Cronin, David J., [redacted]
Crosby, Bernard L., [redacted]
Cross, Kenneth E., Jr., [redacted]
Cunningham, David B., [redacted]
Czarzasty, John L., [redacted]
Daigh, John D., Jr., [redacted]
Dameron, Richard J., [redacted]
Dance, Joseph B., Jr., [redacted]
Darling, Douglas A., [redacted]
Daula, Thomas V., [redacted]
Davidson, James S., [redacted]
Davis, Cyrus W., III, [redacted]
Davis, Mark T., [redacted]
Davis, Ted E., II, [redacted]
Davis, William M., [redacted]
Deaver, Danny R., [redacted]
Decker, Marvin K., [redacted]
Deeter, Michel L., [redacted]
De Jonckheere, Richard K., [redacted]
Dela-Cruz, Robert H., [redacted]
De Leon Dionisio A., III, [redacted]
Demetz, Donald J., Jr., [redacted]
Dempsey, Martin E., [redacted]
Denny, John W., [redacted]
Deponal, Joseph J., [redacted]
Desiderio, George J., [redacted]
Detore, Michael J., [redacted]
De Voe, Gregory H., [redacted]
De Wit, John P., [redacted]
Deykes, David A., [redacted]
Dickerson, John K., [redacted]
Dickey, Gene A., [redacted]
Di Giorgio Emilio, [redacted]
Dillon, Joseph R., [redacted]
Dillon, Robert E., Jr., [redacted]
Dimengo, Dennis C., [redacted]
Di Silvio Steven M., [redacted]
Dixon, James L., [redacted]
Dixon, Jerry W., [redacted]
Dlugolenski, David A., [redacted]
Dlugolenski, Edward J., Jr., [redacted]
Doe, William W., III, [redacted]
Donoho, Robert R., [redacted]
Dossett, Mitchell S., [redacted]
Dotson, Michael D., [redacted]
Downar, Thomas J., [redacted]
Downey, Stephen G., [redacted]
Doyle, James A., [redacted]
Draper, John M., [redacted]
Dubia, Donald H., [redacted]
Duesler, Daniel D., [redacted]
Duhm, Kenneth D., [redacted]
Duncan, Daniel L., [redacted]
Duncan, Robert E., [redacted]
Dunn, Colin K., [redacted]
Duskin, Edgar W., Jr., [redacted]
Dutcher, Jon R., [redacted]
Eads, Thomas K., [redacted]
Eagin, Robert C., [redacted]
Edgecomb, John C., [redacted]
Edwards, William T., [redacted]
Egrid, Lucian S., [redacted]
Ellington, James F., [redacted]
Ellis, Andrew G., [redacted]
Elmore, Terry E., [redacted]
Exten, Arthur E., [redacted]
Fabry, John R., [redacted]
Fadden, Reginald J., Jr., [redacted]
Fagan, Edward F., III, [redacted]
Fahrenthold, Eric P., [redacted]
Falk, Perry K., [redacted]
Fardelmann, Charles E., [redacted]
Fastabend, David A., [redacted]
Featherstone, Steve E., [redacted]
Fenton, George P [redacted]
Fetter, Richard D., [redacted]
Fierro, Robert D., [redacted]
Filiberti, Edward J., [redacted]
Fink, J. K., [redacted]
Fishback, James W., [redacted]
Fitzpatrick, John M., [redacted]
Fletcher, Dale A., [redacted]
Fletcher, William A., Jr., [redacted]
Flora, Bradford W., [redacted]
Flyer, David R., [redacted]
Foote, Ashby M., III, [redacted]
Forman, Robert J., [redacted]
Foss, Robert J., Jr., [redacted]
Fowler, David L., [redacted]
Fox, Edward L., III, [redacted]
Fox, Joseph J., [redacted]
France, Samuel W., [redacted]
Frank, Lawrence J., [redacted]
Frankie, Joseph III, [redacted]
Freeze, Terry W., [redacted]
French, Daniel L., [redacted]
Frisco, Dennis J., [redacted]
Fritz, Donald W., [redacted]
Froneberger, Thomas M., [redacted]
Fuhrmeister, Paul K., [redacted]
Fulk, Keith W., [redacted]
Fulsang, Ejner J., III, [redacted]
Furman, Richard L., [redacted]
Gabbard, William D., II, [redacted]
Galli, Richard C., [redacted]
Galvanin, Donald A., [redacted]
Gandy, Thomas A., [redacted]
Garcia, Wendell [redacted]
Gardner, Gregory C., [redacted]
Garito, Philip N., [redacted]
Gates, Charles P., [redacted]
Gates, James G., [redacted]
Gates, Robert M., [redacted]
Gaudio, Richard M., [redacted]
Gay, George R., [redacted]
Geehan, Brian I., [redacted]
Gehlhausen, Lawrence M., [redacted]
Gelling, Louis, Jr., [redacted]
Geraci, John P., Jr., [redacted]
Geraci, Stephen S., [redacted]
Giacometti, Fred B., [redacted]
Giandoni, Martin B., [redacted]
Gilmer, John P., [redacted]
Ginther, Jeffrey R., [redacted]
Gleason, Thomas E., [redacted]
Gleichenhaus, Charles C., [redacted]
Goedkoop, Thomas R., [redacted]
Goehring, Russell J., Jr., [redacted]
Gonzalez, Joe E., [redacted]
Goodhand, William S., III, [redacted]
Goodman, Roger L., [redacted]
Goosen, Richard F., [redacted]
Gorby, Gary A., [redacted]
Grant, Bruce D., [redacted]
Graves, Ralph H., [redacted]
Grazier, Mark S., [redacted]
Green, Andrew J., [redacted]
Green, Dennis W., [redacted]
Greer, Joseph C., [redacted]
Grim, James F., [redacted]
Grimm, Philip J., [redacted]
Grooms, Wilson W., Jr., [redacted]
Grosner, Brian [redacted]
Grunseth, James M., [redacted]
Gum, Dennis L., [redacted]
Haetinger, John M., [redacted]
Hailey, Gregory L., [redacted]
Hamilton, John R., III, [redacted]
Hanna, Steven G., [redacted]
Hansen, Kurt W., [redacted]
Hargan, Steven J., [redacted]
Harlin, Donald V., Jr., [redacted]
Harris, Bradley M., [redacted]
Harris, Clarence A., III, [redacted]
Harris, Donald A., [redacted]
Harrison, Thomas M., [redacted]
Hashem, Steven J., [redacted]
Hass, Robert A., [redacted]
Hastie, William A., Jr., [redacted]
Haswell, Marvin S., [redacted]
Hayden, Robert F., [redacted]
Headley, Michael G., [redacted]
Hedberb, Harold S., Jr., [redacted]
Helferd, Michael L., [redacted]
Helton, Dwight A., [redacted]
Hendricks, Kenton H., [redacted]
Herbison, David J., [redacted]
Herrick, Charles R., [redacted]
Herrin, John R., [redacted]
Herrmann, Arthur M., [redacted]
Hicks, Ken C., [redacted]
Higgs, William G., [redacted]
Hinkel, Thomas N., [redacted]
Hirst, Dale E., [redacted]
Hock, Ambrose R., [redacted]
Hoefert, Thomas E., [redacted]
Hoffman, John D., [redacted]
Hogan, James M., [redacted]
Hohnstine, David L., [redacted]
Holmes, Keith B., [redacted]
Holweck, Ralph D., [redacted]
Hopkinson, William J., [redacted]
Hornburg, Richard A. II, [redacted]
Houseworth, Stephen W., [redacted]
Hoyle, Kenneth D., [redacted]
Hubbard, Richard F., [redacted]
Hubbard, Roy S., Jr., [redacted]
Huffman, Craig M., [redacted]
Hughes, Gary L., [redacted]
Hughes, Randall L., [redacted]
Hughes, Samuel J., III, [redacted]
Hughes, Stephen M., [redacted]
Hulsey, George D., [redacted]
Humphreys, Robert M., [redacted]
Hunter, Joseph, [redacted]
Hunter, Oliver H., IV, [redacted]
Huskey, Leonard I., [redacted]
Hyten, Blaine W., [redacted]
Impellizzeri, Robert D., [redacted]
Ingalls, Morris J., [redacted]
Ingalls, Paul B., [redacted]
Inskeep, James H. W., Jr., [redacted]
Izzo, Dominic J., [redacted]
Jackson, Jerry P., [redacted]
Jackson, Mark H., [redacted]
Jacobs, Kim A., [redacted]
Janoski, Frank B., [redacted]
Jarasius, Arvidas K., [redacted]
Jarem, Nicholas P., [redacted]
Jenkins, Donald D., Jr., [redacted]
Jensen, Mark S., [redacted]
Jewart Robert C., [redacted]
Johnsen, Gary E., [redacted]
Johnsen, William T., [redacted]
Johnson, Donald M., [redacted]
Johnson, Jerry D., [redacted]
Johnson, Patrick N., [redacted]
Joiner, Mark P., [redacted]
Jones, Edward D., [redacted]
Jones, Harvey D., [redacted]
Jones, Harvey D., Jr., [redacted]
Jones, Kim D., [redacted]
Joyce, Martin H., III, [redacted]
Joyce, Robert F., Jr., [redacted]
Jurka, Atis O., [redacted]
Kaila, Christian P., [redacted]
Kalinich, Kenneth M., [redacted]
Kallman, Jeffrey T., [redacted]
Karhohs, Jeffrey W., [redacted]
Keller, David A., [redacted]
Kelley, James A., [redacted]
Kelly, Michael B., [redacted]
Kenny, William T., Jr., [redacted]
Kiggins, Timothy J., [redacted]
Kimsey, Robert M., [redacted]
Kindl, Mark R., [redacted]
King, Jimmie D., [redacted]
Kinnaman, James M., [redacted]
Kirby, Michael A., [redacted]
Kirchner, Siegfried W., [redacted]
Kirk, Flayo O., [redacted]
Klimow, Matthew S., [redacted]
Kling, John E., [redacted]
Knapp, Jeffrey J., [redacted]
Knight, Andrew M., [redacted]
Kniskern, Wayne R., [redacted]
Kocher, Robert J., [redacted]
Koehler, John C., [redacted]
Koenig, James R., Jr., [redacted]
Kornacki, Richard A., [redacted]
Krawczyk, Theodore A., II, [redacted]
Krebs, Clifford D., [redacted]
Kromer, Jack R., Jr., [redacted]
Krueger, John H. B., [redacted]
Krukar, Neil P., [redacted]
Kuehn, Albert J., Jr., [redacted]
Kuklenski, Charles G., [redacted]
Kulich, Daniel J., [redacted]
Kurasiewicz, Richard A., [redacted]
Kure, Paul D., [redacted]
Kussard, John W., [redacted]
Lacek, John J. III, [redacted]
Lambert, David W., [redacted]
Landry, Alan D., [redacted]
Landseadel, Robert J., III, [redacted]
Langley, Michael L., [redacted]
La Rocca, Stephen A., [redacted]
Larrabee, Scott, [redacted]
Laughlin, James L., [redacted]
Le Beau, Jeffrey N., [redacted]

Le Boeuf, Joseph N. G., Jr., [redacted]
Leahy, Thomas A., [redacted]
Leggiero, Stephen J., [redacted]
Lemley, Paul V., Jr., [redacted]
Lester, Gordon W., [redacted]
Letcher, Charles T., [redacted]
Lewis, Dennis R., [redacted]
Lewis, Kevin M., [redacted]
Libby, Frank A., Jr., [redacted]
Lindsey, Bradlee C., [redacted]
Lisecki, Edward J., [redacted]
Llewellyn, Charles P., [redacted]
Loisel, Thomas J., [redacted]
Lokey, Albert M., Jr., [redacted]
Lombard, Theodore J., [redacted]
Lombardi, Michael J., [redacted]
Lovallo, Dominick A., Jr., [redacted]
Loy, James R., [redacted]
Lucas, Gregory D., [redacted]
Lundquist, Robert G., [redacted]
Lynch, Myron C., Jr., [redacted]
Mackin, Joseph P., [redacted]
MacLean, French L., [redacted]
Madden, Richard W., [redacted]
Magness, Bradley G., [redacted]
Mahar, Timothy V., [redacted]
Mahoney, Daniel P., [redacted]
Mahoney, Dennis J., [redacted]
Mainwaring, John C., [redacted]
Majeroni, John E., [redacted]
Malcolm, James R., [redacted]
Male, Herbert W., Jr., [redacted]
Malich, Albert C., [redacted]
Mallory, Phillip L., II, [redacted]
Mamura, Nathan S., [redacted]
Manos, Christopher L., [redacted]
Marino, Stephen D., [redacted]
Markel, Douglas W., [redacted]
Markham, Gerard R., [redacted]
Markley, Charles F., Jr., [redacted]
Marks, Ralph A., Jr., [redacted]
Marsh, William T., [redacted]
Marti, Willis F., [redacted]
Martin, James D., [redacted]
Martin, John R., [redacted]
Martin, Peter J., [redacted]
Martinez, William J., [redacted]
Martz, Dannie K., [redacted]
Mather, William G., [redacted]
Matousek, John C., [redacted]
Mauro, Vincent J., [redacted]
Maus, Gary A., [redacted]
McBrayer, Patrick A., [redacted]
McCafferty, Daniel J., Jr., [redacted]
McCaffrey, Michael J., [redacted]
McCorvey, Jesse A., [redacted]
McCoy, John W., II, [redacted]
McCracken, David E., [redacted]
McDaniel, James E., [redacted]
McDonald, John H., Jr., [redacted]
McFetridge, Robert C., [redacted]
McGehee, Jack E., Jr., [redacted]
McGinnis, Thomas M., [redacted]
McGrath, Donald J., Jr., [redacted]
McGuinness, Denis E., [redacted]
McLaughlin, Peter C., [redacted]
McMillan, James D., [redacted]
McMillan, William N., [redacted]
McNutt, Carl B., [redacted]
Medill, Curtis W., Jr., [redacted]
Meibers, Stephen J., [redacted]
Messina, Antonio W., [redacted]
Metheny, Robert M., [redacted]
Meyer, Robert D., [redacted]
Milam, Larry E., [redacted]
Milidonis, David J., [redacted]
Millard, James B., [redacted]
Miller, Champe W., [redacted]
Miller, Dennis M., [redacted]
Miller, Gary R., [redacted]
Miller, Joe R., [redacted]
Miller, John H., Jr., [redacted]
Miller, John R., [redacted]
Miller, Merlin L., [redacted]
Miller, Paul B., [redacted]
Miller, Ronald H., [redacted]
Milligan, Michael E., [redacted]
Millner, Paul P., [redacted]
Miner, Kenneth D., Jr., [redacted]
Minier, John A., [redacted]
Minor, Robert L., [redacted]

Mitcham, James R., III, [redacted]
Mitchell, David A., [redacted]
Mitchell, James A., [redacted]
Mixon, Robert W., Jr., [redacted]
Mohr, Jerry T., [redacted]
Molten, David A., [redacted]
Monks, Stephen A., [redacted]
Moonen, Brett G., [redacted]
Moore, Arthur H., III, [redacted]
Moore, Gordon K., [redacted]
Moore, Gregory A., [redacted]
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Moore, Larry D., [redacted]
Moore, William B., [redacted]
Morrel, Ronald A., [redacted]
Morse, Dwight E., [redacted]
Morton, Richard W., [redacted]
Mourtos, Constantine G., [redacted]
Mow, Douglas F., Jr., [redacted]
Mowry, Dale B., [redacted]
Mudd, James V., [redacted]
Muh, Robert B., [redacted]
Muir, William C., Jr., [redacted]
Mullen, Thomas E., [redacted]
Mulroney, John P., [redacted]
Murphy, Joseph W. IV, [redacted]
Murray, Sean A., [redacted]
Myers, Scott V., [redacted]
Myers, William E., [redacted]
Nations, Johnny L., [redacted]
Nealson, William R., II, [redacted]
Neely, David E., [redacted]
Nelson, Robert J., Jr., [redacted]
Neske, Richard J., [redacted]
Nesrsta, Lonnie E., [redacted]
Nordby, Andrew C., [redacted]
Norman, Kurt D., [redacted]
Norman, Richard F., [redacted]
Norwood, John D., [redacted]
O'Brien, Daniel D., [redacted]
O'Brien, James J., Jr., [redacted]
O'Brien, Maurice E., Jr., [redacted]
O'Connell, Vincent F., [redacted]
Oertel, Richard C., [redacted]
O'Leary, Thomas J., [redacted]
Oliver, Bryan L., [redacted]
Oliver, George F., III, [redacted]
O'Reilly, Christopher A., [redacted]
O'Rourke, James A., [redacted]
Oritz-Santini, Oscar V., [redacted]
Osborne, Rex N., [redacted]
O'Sullivan, Paul F., Jr., [redacted]
Otte, John L., [redacted]
Ottesen, Stephan V., [redacted]
Oxford, Vayl S., [redacted]
Palguta, Thomas J., [redacted]
Palmatier, Bruce T., [redacted]
Pantaloni, Michael A., [redacted]
Parker, Kerry R., [redacted]
Parker, William E., [redacted]
Parlier, Gregory H., [redacted]
Pasini, Victor A., [redacted]
Pate, Richard P., [redacted]
Paternoster, Eric S., [redacted]
Patrick, Dennis L., [redacted]
Patrick, Howard D., [redacted]
Pattison, Jack E., [redacted]
Peer, Stephen M., [redacted]
Peirce, George A. B., [redacted]
Perry, Edwin M., [redacted]
Pestrak, Gary M., [redacted]
Peters, Leonard C., Jr., [redacted]
Peterson, Raymond E., [redacted]
Peterson, Timothy A., [redacted]
Petraeus, David H., [redacted]
Petruzzi, Anthony B., [redacted]
Phillips, Dennis L., [redacted]
Phillips, Richard L., [redacted]
Pickett, James W., [redacted]
Pierce, Kerry K., [redacted]
Pierce, Morris A., [redacted]
Pierce, William G., [redacted]
Pinson, Robert C., [redacted]
Plumley, Richard D., [redacted]
Polk, Freddy L., [redacted]
Polom, Edward F., [redacted]
Pope, Patrick E., [redacted]
Popielis, Kenneth C., [redacted]
Porter, John H., Jr., [redacted]
Potter, Patrick G., [redacted]
Poure, Charles G., [redacted]

Powell, David J., Jr., [redacted]
Prate, George P., [redacted]
Preece, Richard J., [redacted]
Prindle, Frank L., [redacted]
Proeschel, Donald M., [redacted]
Protasio, Charles W., [redacted]
Przyworski, Alan M., [redacted]
Quimby, Russell G., [redacted]
Ramey, Edward R., Jr., [redacted]
Raney, Michael L., [redacted]
Rappold, Paul K., [redacted]
Redlinger, Mark J., [redacted]
Reese, Matthew P., [redacted]
Reese, Robert J., [redacted]
Reid, Ronny E., [redacted]
Reidy, Thomas J., Jr., [redacted]
Reinhart, William L., [redacted]
Relyea, James A., [redacted]
Renner, Howard C., [redacted]
Rensema, Timothy R., [redacted]
Reopel, Michael R., [redacted]
Ressler, Marlin A., [redacted]
Reynolds, Clark A., [redacted]
Richards, Robert W., [redacted]
Richardson, Royce G., [redacted]
Richgels, Jeffrey C., [redacted]
Richmond, Gary D., [redacted]
Rippe, Timothy A., [redacted]
Ritchhart, John W., [redacted]
Rivers, John C., [redacted]
Robbe, Adrian D., [redacted]
Robbins, Martin L., [redacted]
Roberts, Frank N., Jr., [redacted]
Roberts, Gary W., [redacted]
Robinson, Craig T., [redacted]
Robinson, Steven R., [redacted]
Rochette, Denis G., [redacted]
Rodarte, David R., [redacted]
Rodriguez, Gary N., [redacted]
Rodvelt, Gary B., [redacted]
Roemer, David R., [redacted]
Roeske, Victor W., [redacted]
Roetzel, Robert E., Jr., [redacted]
Rogers, David E., [redacted]
Rogers, Jeffrey V., [redacted]
Rogers, Michael W., [redacted]
Rogers, Thomas E., [redacted]
Rollins, Harry W., [redacted]
Rooksby, George T., [redacted]
Ross, James H., [redacted]
Rossi, James M., [redacted]
Rothstein, Hy S., [redacted]
Rowe, Richard G., [redacted]
Rozzoni, Renard R., [redacted]
Ruffenach, Glenn J., [redacted]
Runkle, George A., Jr., [redacted]
Rusho, Michael E., [redacted]
Russell, Mark W., [redacted]
Russell, Dean E., [redacted]
Rybczynski, Joseph S., [redacted]
Rynd, David P., [redacted]
Rynearson, Charles B., Jr., [redacted]
Sablan, Francisco A., [redacted]
Sachau, Jeffrey D., [redacted]
Saddler, Keith P., [redacted]
Sample, Allen L., [redacted]
Sample, Steven C., [redacted]
Sanders, Edward M., Jr., [redacted]
Sapanara, John M., [redacted]
Sargent, Christopher L., [redacted]
Sauer, Charles P., [redacted]
Saum, Allen E., [redacted]
Saunders, Raymond M., [redacted]
Schado, Patrick A., [redacted]
Schaefer, John A., [redacted]
Scharling, Robert C., [redacted]
Schenck, Steven J., [redacted]
Schmidt, Thomas, [redacted]
Schumacher, Gregory A., [redacted]
Schwamb, Richard H., [redacted]
Scott, Lloyd M., II, [redacted]
Scott, Mark W., [redacted]
Scott, Winfield W., III, [redacted]
Scribner, Barry L., [redacted]
Searle, Marvin S., II, [redacted]
Seeber, Donald C., [redacted]
Seeley, David M., [redacted]
Shaffer, George E., [redacted]
Shambach, Stephen A., [redacted]
Sharp, James T., [redacted]
Sharp, Walter L., [redacted]

Shaver, Timothy S., [redacted]
Shaw, Worth D., Jr., [redacted]
Shelden, David A., [redacted]
Shires, Scott L., [redacted]
Shortal, John F., [redacted]
Siegel, David E., [redacted]
Sihelnik, Stephen A., [redacted]
Sills, Paul N., [redacted]
Silva, Robert S., [redacted]
Sinclair, Christopher B., III, [redacted]
Sitero, Charles M., [redacted]
Skaggs, Alvah L., III, [redacted]
Sladky, John F., Jr., [redacted]
Smith, Bryan E., [redacted]
Smith, Jeffery B., [redacted]
Smith, Maurice R., Jr., [redacted]
Smith, Stephan G., [redacted]
Snyder, Thomas L., Jr., [redacted]
Sole, William R., [redacted]
Sommerville, Jeffrey R., [redacted]
Soncrant, James T., [redacted]
Sorensen, Clark B., [redacted]
Spaulding, Milton C., [redacted]
Speakes, Stephen M., [redacted]
Spencer, William J., [redacted]
Spinelli, James L., [redacted]
St Cyr, Kenneth L., [redacted]
Stamilio, Anthony J., [redacted]
Stavridis, Thomas J., III, [redacted]
Stellar, Frederick W., [redacted]
Stengel, Mark E., [redacted]
Stevens, David S., [redacted]
Stevenson, Steven W., [redacted]
Stinnett, Gary R., [redacted]
Stinson, David R., [redacted]
Stone, Steve E., [redacted]
Stratton, James R., [redacted]
Strickland, Tracy L., [redacted]
Stuart, Peter J., [redacted]
Studer, Randal W., [redacted]
Sullivan, Harold H., Jr., [redacted]
Svoboda, Martin J., II, [redacted]
Sweeney, John G., Jr., [redacted]
Swinson, Mark L., [redacted]
Tafone, Paul J., [redacted]
Tanner, Timothy T., [redacted]
Tart, Randal G., [redacted]
Taylor, Franklin R., Jr., [redacted]
Taylor, Glenn A., [redacted]
Taylor, Theodore R., Jr., [redacted]
Thebaud, Charles C., Jr., [redacted]
Thielke, Frederick L., [redacted]
Thomas, Carter S., [redacted]
Thomas, Laurence E., Jr., [redacted]
Thomas, Patrick A., [redacted]
Thompsen, David W., [redacted]
Thompson, James E., [redacted]
Thorsen Robert H., [redacted]
Tixier, Michael L., [redacted]
Tobin, Charles K., [redacted]
Toomy Robert S., [redacted]
Toothman, Edward J., [redacted]
Topping, Gerald W., [redacted]
Toth, John E., [redacted]
Trauth, Stephen R., [redacted]
Trompak, George S., [redacted]
Troxell, John F., [redacted]
Troxell, Robert T., [redacted]
Tulay, Michael P., [redacted]
Turner, Albert F., Jr., [redacted]
Turner, Duncan C., [redacted]
Turner, Thomas R., II, [redacted]
Twohig, John J., [redacted]
Tyler, Timothy J., [redacted]
Tyson, Timothy C., [redacted]
Ulrich, John W., [redacted]
Van Arsdale, Lee A., [redacted]
Van Vleet, John A., [redacted]
Veit, Rudy T., [redacted]
Vestermark, James A., [redacted]
Vidmar, Stephen M., [redacted]
Vincent, Mark S., [redacted]
Vincent, Richard L., [redacted]
Visnovsky, Robert G., [redacted]
Vollmer, Jeffrey R., [redacted]
Vonderscheer, Eric A., [redacted]
Vozzo, Louis, [redacted]
Wahlgren, Van E., [redacted]
Walker, Alan J., [redacted]
Walker, John S., [redacted]
Wallace, Michael D., [redacted]
Wallace, Richard T., [redacted]
Wallinger, David T., [redacted]
Walls, John D., [redacted]
Ward, James W., [redacted]
Ward, Joseph M., [redacted]
Warner, Karl K., [redacted]
Webber, Kenneth E., III, [redacted]
Webber, Paul M., [redacted]
Weber, Robert J., [redacted]
Weber, Thomas J., [redacted]
Webster, Dwight S., [redacted]
Webster, William G., Jr., [redacted]
Weidner, Michael L., [redacted]
Weisz, John, [redacted]
Wells, Herbert W., III, [redacted]
Wells, Steven E., [redacted]
Welt, John D., [redacted]
Wentz, Walter E., III, [redacted]
Westenhoff, Charles M., [redacted]
Wheeler, Clayton R., [redacted]
White, Charles E., [redacted]
White, Christopher B., [redacted]
White, French R., III, [redacted]
Whitman, Courtenay S., IV, [redacted]
Whitman, Mark H., [redacted]
Wiacek, Stephen J., [redacted]
Wilcox, Christopher J., [redacted]
Wildemann, Eric R., [redacted]
Wilkinson, Glenn F., [redacted]
Williams, Gerald W., [redacted]
Williams, Harry L., Jr., [redacted]
Williams, Robert J., [redacted]
Williams, Robert S., [redacted]
Williamson, David R., [redacted]
Willis, Colen K., [redacted]
Wills, Thomas G., [redacted]
Wimberley, James W., [redacted]
Withers, Benjamin G., [redacted]
Wittman, Craig P., [redacted]
Wolf, William A., [redacted]
Wolfe, Russell S., Jr., [redacted]
Wright, Alan K., [redacted]
Wright, James A., [redacted]
Yeterian, Edward M., [redacted]
Yezak, Herman R., Jr. [redacted]
Youngbluth, Terry R., [redacted]
Zacherl, Donald H., [redacted]
Zeigler, Peter H., [redacted]
Zieske, Larry A., [redacted]
Zwack, Daniel A., [redacted]

The following-named cadets, graduating class of 1974, U.S. Air Force Academy, for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 3283 through 4353:

Council, William C., Jr., [redacted]
Monaghan, Joseph P., Jr., [redacted]

The following-named distinguished military student for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 2106, 3283, 3284, 3286, 3287, 3288, and 3290:

Hicks, Ancil L., [redacted].

EXTENSIONS OF REMARKS

SOMETHING RIGHT

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Monday, April 29, 1974

Mr. HARRY F. BYRD, JR. Mr. President, the April 24 edition of the Richmond Times-Dispatch included a balanced and fair-minded editorial praising President Nixon for refusing to impose coupon rationing of gasoline when the shortage was most critical.

The editorial points out that if rationing had been implemented as urged by many in February, a large bureaucracy would now be administering a cumbersome and unnecessary program.

The newspaper comments that—

As long as President Nixon is being blamed for everything from the defeat of local candidates to sunspots, it is only fair that he be credited when he does something right.

I agree.

I ask unanimous consent that the article "Something Right" from the Richmond Times-Dispatch of April 24, 1974, be printed in the Extensions of Remarks.

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

SOMETHING RIGHT

As long as President Nixon is being blamed for everything from the defeat of local candidates to sunspots, it is only fair that he be credited when he does something right. And sometimes when the 10 thumbs of the federal government are concerned, doing something right means doing nothing at all.

On the question of initiating federal rationing of gasoline to American drivers, Mr. Nixon acted correctly. By doing nothing.

Four to six months ago, the President was under considerable pressure to start rationing as the Arab oil embargo began to take effect and Americans began to experience some inconvenience. Many citizens and politicians felt that rationing would be a fairer way for persons of meager or modest means to get their share of gasoline, although experience with rationing teaches that it is about as fair as life.

But now that the nation has survived a rough February in line at the service station and the oil embargo has been lifted, consider how fortunate we are that Mr. Nixon did not take a panicky leap into the rationing business. Overnight, states like Virginia are able to lift the simple expedients, such as odd-even purchasing of gasoline, that they had imposed to deal with the temporary problem. If the central government had gotten into coupon-book rationing, a large and costly bureaucracy would have been set up to run a system that, once established, would have been difficult to disestablish.

Judging from the extreme difficulty the administration has had in extricating itself from the jungle of wage-price controls, the government could have been in the rationing business for years. Certainly the system would not have been ended overnight.

In this case, Mr. Nixon acted on his conservative instinct and it paid off for him and the nation.

DOREEN GRANT SPEAKS ABOUT ENTHUSIASM, THE GOD WITHIN

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 29, 1974

Mr. KEMP. Mr. Speaker, I wish to commend to the attention of my colleagues the following column by Doreen Grant entitled: "Enthusiasm, the God