Among them are limitations on campaign spending, limits on the amount and sources of contributions, tighter reporting requirements, and increased tax credits to encourage small contributions.

It is far more sensible to try to correct the abuses in the present system, while preserving its advantages, than to scrap it in favor of a dubious alternative. In the meantime, we look to the House members, who in the past have listened more to their constituents than to reformers like Mr. Gardner, to show the same good sense and defeat this proposition.

## CONFERENCE REPORT ON THE ELEMENTARY AND SECONDARY EDUCATION ACT

### HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 31, 1974*

Mr. SARASIN. Mr. Speaker, today, in considering the conference report on the Elementary and Secondary Education Act, our primary responsibility lies in enacting legislation that will effectively expand the availability and quality of education for our Nation's youth.

The House Education and Labor Committee, on which I serve, worked diligently, in order to report legislation which would effectively improve as many near and far-reaching aspects of our educational system as possible. I could not, and did not, support certain specifics of H.R. 69 because of the disadvantages to my State of Connecticut. I did, however, support the general thrust of the legislation because of my interest in continuing our efforts to improve education. I also supported the effort in the House to insure the protection of the neighborhood school concept, to end the busing which has so badly divided our country.

The House antibusing version was strong; the Senate version lacked any such provision. Recognizing their responsibility to expedite the passage of sorely needed educational reform, the conferees from each body agreed to compromise toward a milder antibusing measure. I was extremely disappointed that the House efforts had been minimized, and I gave much thought toward voting against the conference report.

However, as I have felt in the past on other significant measures, to cast a vote against a major reform bill because of opposition to a single provision would do far more to harm than to benefit the entire situation.

Therefore, I am putting aside my personal feelings toward the busing issue in the context of this legislation. I am instead considering both the immediate and long-range educational needs of our schoolchildren and the fact that a vote against the conference report could be a profound setback for the improvement that has already occurred in our education system. In voting for the conference report on the Elementary and Secondary Education Act, I am not condoning the compromise of the neighborhood school concept, but I am strongly supporting the basic provisions of the measure we are considering, ones that will continue the constant improvement of our education and will bring us nearer our educational goals.

## U.N. BODY MOVES TO TIGHTEN SANCTIONS AGAINST SOUTHERN RHODESIA

### HON. BOB ECKHARDT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 31, 1974*

Mr. ECKHARDT. Mr. Speaker, throughout the long debate on the Rhodesian sanctions, it has been charged that sanctions have not been effective, with no one taking them seriously. This, it is said, is an argument for why the United States should not reimpose its sanctions against Rhodesia.

We now know that this is not true. In recent months, nations have taken steps, both individually and collectively, to tighten loopholes in the sanctions.

This has not been the only activity, however. Since the Security Council adopted resolutions 232—1966—and 253—1968—the United Nations has continued to study the problem of strengthening sanctions. In its resolution 333 passed on May 22, 1973, the Security Council called—

For the institution of "effective procedures at the point of importation to insure that such goods arriving for importation from South Africa, Mozambique and Angola are not cleared through customs until they are satisfied that the documentation is adequate and complete and to ensure that such procedures provide for the recall of cleared goods to customs custody if subsequently established to be of Southern Rhodesian origin;"

On governments to "encourage individuals and non-governmental organizations to report to the concerned bodies reliable information regarding sanctions breaking operations;"

On "states with legislation permitting importation of minerals and other products from Southern Rhodesia to repeal it immediately;"

Upon "states to enact and enforce immediately legislation providing for imposition of severe penalties on persons natural or juridicial that evade or commit breach of sanctions by:

"1. Importing any goods from Southern Rhodesia.

"2. Exporting any goods to Southern Rhodesia.

"3. Providing any facilities for transport of goods to and from Southern Rhodesia.

"4. Conducting or facilitating any transaction or trade that may enable Southern Rhodesia to obtain from or send to any country any goods or services.

"5. Continuing to deal with clients in South Africa, Angola, Mozambique, Guinea (Bissau) and Namibia after it has become known that the clients are re-exporting the goods in components thereof to Southern Rhodesia, or that goods received from such clients are of Southern Rhodesian origin."

On "states in the event of their trading with South Africa and Portugal, to provide that purchase contracts with these countries should clearly stipulate, in a manner legally enforceable, prohibition of dealing in goods of Southern Rhodesian origin; likewise, sales contracts with these countries should include a prohibition of resale or reexport of goods to Southern Rhodesia;"

Upon "States to pass legislation forbidding insurance companies under their jurisdiction from covering air flights into and out of Southern Rhodesia and individuals or air cargo carried on them;"

Upon "states to undertake appropriate legislative measures to ensure that all valid marine insurance contracts contain specific provisions that no goods of Southern Rhodesia shall be covered;"

Upon "states to inform the committee of the Security Council on their present sources of supply and quantities of chrome, asbestos, nickel, pig iron, tobacco, meat, and sugar, together with the quantities of these goods they obtained from Southern Rhodesia before the application of sanctions."

Thus, Mr. Speaker, since the above resolutions steadily tighten the sanctions, and as more and more countries pay stricter attention to enforcement, the end of the illegal Smith regime is in sight. Therefore, unless my colleagues wish to back a clearly lost cause and risk the alienation of black African countries—upon which we are dependent for many raw materials—I would urge that they vote in favor of S. 1868—a bill to restore full U.S. compliance with the U.N. sanctions against Southern Rhodesia.

# SENATE—*Thursday, August 1, 1974*

The Senate met at 9:30 a.m. and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

### PRAYER

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

Our Father, God, we thank Thee for the night of rest and the opportunities of this new day. In this hallowed moment may Thy Holy Spirit invade our hearts to empower us for our labors. In the crucial days of soul searching, conscience testing, and scrutiny of character help us to be true to truth, true to self, true to those we love, and true to Thee. May the stains upon the few never blemish the virtues of the many. With thanksgiving for all that is good in the past, and with forgiveness for all that is wrong in the present, lead our Nation to a new commitment to Thy law and give us grace to press forward, whatever the cost, to the moral and spiritual renewal of the Republic.

We pray in His name whose law is love. 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).

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, D.C., August 1, 1974.*

*To the Senate:*

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

JAMES O. EASTLAND,
*President pro tempore.*

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

## THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, July 31, 1974, 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.

## EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The clerk will report the first nomination.

## U.S. AIR FORCE

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Air Force.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

## U.S. ARMY

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Army.

Mr. MANSFIELD. Mr. President, I make the same request, that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

## U.S. NAVY

The second assistant legislative clerk proceeded to read sundry nominations in the U.S. Navy.

Mr. MANSFIELD. Mr. President, I make the same request that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

## MISSISSIPPI RIVER COMMISSION

The second assistant legislative clerk proceeded to read the nomination of Brig. Gen. Wayne S. Nichols, U.S. Army, to be a member of the Mississippi River Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

## NOMINATIONS PLACED ON THE SECRETARY'S DESK

The second assistant legislative clerk proceeded to read sundry nominations in the Air Force, in the Army, in the Navy, and in the Marine Corps placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask that the President be immediately notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. The President will be so notified.

## LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

## CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Nos. 997, 998, 999, 1001, 1007, 1008, 1009, 1010, 1011, and 1012.

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

## GREAT DISMAL SWAMP NATIONAL WILDLIFE REFUGE

The Senate proceeded to consider the bill (H.R. 3620) to establish the Great Dismal Swamp National Wildlife Refuge, which had been reported from the Committee on Commerce with an amendment on page 4, line 1, strike out:

SEC. 4. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

and insert in lieu thereof the following language:

SEC. 4. (a) Except as provided in subsection (b) of this section, there is authorized to be appropriated for the fiscal year ending June 30, 1975, not to exceed $1,000,000; for the fiscal year ending June 30, 1976, not to exceed $3,000,000; and for the fiscal year ending June 30, 1977, not to exceed $3,000,000.

(b) In no event shall the amount authorized to be appropriated exceed the cost estimates of the report to be submitted to the Congress by the Secretary pursuant to Public Law 92–478.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

## INCREASED U.S. PARTICIPATION IN THE ASIAN DEVELOPMENT BANK

The Senate proceeded to consider the bill (S. 2193) to provide for increased participation by the United States in the Asian Development Bank, which had been reported from the Committee on Foreign Relations with an amendment on page 1, beginning at line 6, strike out the following language:

"SEC. 20. (a) The United States Governor of the Bank is authorized to subscribe on behalf of the United States to thirty thousand additional shares of the capital stock of the Bank in accordance with and subject to the terms and conditions of Resolution Numbered 46 adopted by the Bank's Board of Governors on November 30, 1971.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there is hereby authorized to be appropriated without fiscal year limitation $361,904,726 for payment by the Secretary of the Treasury.".

and insert in lieu thereof the following language:

"SEC. 20. (a) The United States Governor of the Bank is authorized to subscribe on behalf of the United States to thirty thousand additional shares of the capital stock of the Bank in accordance with and subject to the terms and conditions of Resolution Numbered 46 adopted by the Bank's Board of Governors on November 30, 1971.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there is hereby authorized to be appropriated without fiscal year limitation $361,904,726 for payment by the Secretary of the Treasury.

"SEC. 21. (a) The United States Governor of the Bank is hereby authorized to agree to contribute on behalf of the United States $50,000,000 to the special funds of the Bank. This contribution shall be made available to the Bank pursuant to the provisions of article 19 of the articles of agreement of the Bank.

"(b) In order to pay for the United States contribution to the special funds, there is hereby authorized to be appropriated without fiscal year limitation $50,000,000 for payment by the Secretary of the Treasury.".

so as to make the bill read:

To provide for increased participation by the United States in the Asian Development Bank

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Asian Development Bank Act, as amended (22 U.S.C. 285–285p), is further amended by adding at the end thereof the following new sections:

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## PISCATAWAY PARK, PRINCE GEORGES COUNTY, MD.

The Senate proceeded to consider the bill (H.R. 4861) to amend the act of October 4, 1961, providing for the preservation and protection of certain lands known as Piscataway Park in Prince Georges County, Md., and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with amendments on page 2, in line 2, strike out "PIS-P-7000," and insert in lieu thereof "PIS-P-90,000,".

On page 2, in line 2, strike out "Revised January, 1973,"." and insert in lieu thereof "July 19, 1974".".

On page 2, in line 9, strike out " "Effective on the date of enactment of this Act, there is hereby vested in the United States" and insert in lieu thereof " "Within one year from the date of enactment of this Act, the Secretary shall acquire".

On page 2, in line 12, strike out "in, and the right to immediate possession of," and insert in lieu thereof "in".

On page 2, beginning at the end of line 15, strike out the following language:

Subsection 2(b). The United States will pay just compensation to the owners of any property taken pursuant to this subsection and the full faith and credit of the United States is hereby pledged to the payment of any judgment so entered against the United States. Payment shall be made by the Secretary of the Treasury from moneys available and appropriated from the Land and Water Conservation Fund, subject to the appropriation limitation contained in section 4 of this Act, upon certification to him by the Secretary of the Interior of the agreed negotiated value of such property, or the valuation of the property awarded by judgment, including interest at the rate of 6 per centum per annum from the date of taking to the date of payment therefor. In the absence of a negotiated agreement or an action by the owner within one year after the date of enactment of this Act, the Secretary may initiate proceedings at any time seeking a determination of just compensation in a court of competent jurisdiction. The Secretary shall allow for the orderly termination of all operations on real property acquired by the United States in parcels A, B, C, and D of this subsection, and for the removal of equipment, facilities, and personal property therefrom.

and insert in lieu thereof "subsection 2 (b) by purchase with donated or appropriated funds, donation or exchange."

Mr. BEALL. Mr. President, I endorse H.R. 4861 as a much-needed step to protect and preserve one of our Nation's most historic areas—the view from Mount Vernon, home of George Washington.

By favorably considering this measure, Congress will complete an effort begun in 1961 with the establishment of Piscataway Park. It is important that we take this step now, before this invaluable parkland is seriously damaged.

The Bicentennial is fast approaching and Mount Vernon will no doubt be a major attraction to the millions of Americans and foreign visitors who will stream to the Washington area. Let us make sure that they will see essentially what George Washington saw 200 years ago, and not a continuation of the urban sprawl, nor a Disneyland-like amusement extravaganza.

Additionally, Mr. President, Piscataway Park represents a unique recreational site in its own right. Millions of our citizens live within a short drive of this area, and I am confident they will find a properly developed Piscataway Park to be a valued haven.

I would like to particularly pay tribute today to the citizens of the Piscataway area, who have throughout the years safeguarded this land and the historic view that it represents. Dedicated individuals and organizations have done much to defend this land against unwanted encroachment, and I believe the Federal Government, and all of us who are deeply interested in historic preservation, must recognize them for their continued fine work.

On a personal note, Mr. President, the culmination of the preservation efforts as symbolized by this bill will serve as a fitting tribute to my late friend and former colleague in the House of Representatives, John P. Saylor. Congressman Saylor was particularly interested in the protection of the Potomac River area, and this bill, which he authored, will significantly guard this majestic river from abuse.

Therefore, I urge the Senate to give H.R. 4861 its favorable consideration.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

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## DESIGNATING CERTAIN NATIONAL FOREST WILDERNESS AREAS IN CALIFORNIA, COLORADO, AND MONTANA

The Senate proceeded to consider the bill (H.R. 12884) to designate certain lands as wilderness, which had been reported from the Committee on Interior and Insular Affairs with an amendment to strike out all after the enacting clause and insert the following:

That in accordance with subsection 3(b) of the Wilderness Act (78 Stat. 891) the following areas are hereby designated as wilderness and, therefore, as components of the National Wilderness Preservation System:

(1) The area in the Cleveland National Forest in California classified as the Agua Tibia Primitive Area, with deletions therefrom, which area comprises approximately sixteen thousand nine hundred and seventy-one acres, is generally depicted on a map entitled "Agua Tibia Wilderness—Proposed," dated July 1974, and shall be known as the Agua Tibia Wilderness. The previous classification of the Agua Tibia Primitive Area is hereby abolished.

(2) The area in the Stanislaus National Forest in California classified as the Emigrant Basin Primitive Area, with additions thereto and deletions therefrom, which area comprises approximately one hundred and six thousand nine hundred and ten acres, is generally depicted on a map entitled "Emigrant Wilderness—Proposed, 1970" on file in the Office of the Chief, Forest Service, Department of Agriculture, and shall be known as the Emigrant Wilderness. The area commonly called the Cherry Creek exclusion, depicted on such map as Exclusion 2 and comprising approximately six thousand and forty-two acres, shall, in accordance with the provisions of subsection 3(d) of the Wilderness Act, be reviewed by the Secretary of Agriculture as to its suitability or nonsuitability for preservation as wilderness in conjunction with his review of the potential addition to the Hoover Wilderness in Toyabe National Forest. The recommendations of the President to the Congress on the potential addition to the Hoover Wilderness shall be accompanied by the President's recommendations on the Cherry Creek exclusion. The previous classification of the Emigrant Basin Primitive Area is hereby abolished with the exception of said Exclusion 2.

(3) The area in the Routt and White River National Forests in Colorado classified as the Flat Tops Primitive Area, with additions thereto and deletions therefrom, which area comprises approximately two hundred and thirty-seven thousand five hundred acres, is generally depicted on a map entitled "Flat Tops Wilderness—Proposed", dated October 1973, and shall be known as the Flat Tops Wilderness. The previous classification of the Flat Tops Primitive Area is hereby abolished.

(4) The area in the Arapaho and White River National Forests in Colorado classified as the Gore Range—Eagles Nest Primitive Area, with additions thereto and deletions therefrom, which area comprises approximately one hundred and twenty-eight thousand three hundred and seventy-four acres, is depicted on a map entitled "Eagles Nest Wilderness—Proposed", dated October 1973, and shall be known as the Eagles Nest Wilderness. The previous classification of the Gore Range—Eagles Nest Primitive Area is hereby abolished.

(5) The area in the Rio Grande and San Juan National Forests in Colorado classified as the San Juan and Upper Rio Grande Primitive Areas, with additions thereto and deletions therefrom, which area comprises approximately four hundred and thirty-three thousand seven hundred and forty-five acres, is designated on the map entitled "Weminuche Wilderness—Proposed", dated February 1974, and shall be known as the Weminuche Wilderness. The previous classification of the San Juan and Upper Rio Grande Primitive Areas is hereby abolished.

(6) The area in the Flathead National Forest in Montana classified as the Mission Mountains Primitive Area, with an addition thereto, which area comprises approximately seventy-five thousand five hundred and eighty-eight acres, is depicted on a map entitled "Mission Mountains Wilderness Area—Proposed", dated July 1974, and shall be known as the Mission Mountains Wilderness Area. The previous classification of the Mission Mountains Primitive Area is hereby abolished.

SEC. 2, (a) As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file a map and legal description of each area designated as wilderness by this Act with the Interior and Insular Affairs Committees of the United States Senate and House of Representatives, and each such map and description shall have the same force and effect as if included in this Act: *Provided, however,* That correction of clerical and typographical errors in each such description and map may be made.

(b) Each such map and description shall be on file and available for public inspection in the office of the Chief, Forest Service, United States Department of Agriculture.

SEC. 3. The areas designated as wilderness by this Act shall be administered by the Secretary of Agriculture in accordance with the applicable provisions of the Wilderness Act (78 Stat. 890) governing areas designated as wilderness by that Act, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act.

The amendment was agreed to.

The amendment was ordered to be en-

grossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read, "An Act to designate certain national forest wilderness areas in the States of California, Colorado, and Montana."

## MUSEUM SUPPORT FACILITIES AT THE SMITHSONIAN INSTITUTION

The Senate proceeded to consider the bill (S. 857) to authorize the Smithsonian Institution to plan museum support facilities, which had been reported from the Committee on Rules and Administration with amendments.

On page 1, in line 6, strike out "scientific and" and insert in lieu thereof "scientific,".

On page 1, in line 7, strike out "artifacts, and" and insert in lieu thereof "artifacts;".

On page 1, in line 9, strike out "Institution." and insert in lieu thereof "Institution; and for the training of museum conservators."

On page 2, in line 3, strike out "the" and insert in lieu thereof "Washington,".

On page 2, in line 8, strike out "such sums as may be necessary" and insert in lieu thereof "$690,000".

On page 2, in line 9, strike out "Act." and insert in lieu thereof "Act, such funds to be considered a part of the total design cost of the proposed facilities, and to remain available until expended."

so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Regents of the Smithsonian Institution are authorized to prepare plans for museum support facilities for the care, curation, conservation, deposit, preparation, and study of the national collections of scientific, historical and artistic objects, specimens, and artifacts; for the related documentation of such collections of the Smithsonian Institution; and for the training of museum conservators.

SEC. 2. The museum support faciilties referred to in section 1 shall be located on federally owned land within the metropolitan area of Washington, District of Columbia. Any Federal agency is authorized to transfer land under its jurisdiction to the Smithsonian Institution for such purposes without reimbursement.

SEC. 3. There are hereby authorized to be appropriated to the Smithsonian Institution $690,000 to accomplish the purposes of this Act, such funds to be considered a part of the total design cost of the proposed facilities, and to remain available until expended.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## PUBLIC FINANCING OF FEDERAL ELECTIONS

The concurrent resolution (S. Con. Res. 106) authorizing the printing of additional copies of Senate hearings entitled "Public Financing of Federal Elections" was considered and agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring),* That there be printed for the use of the Senate Committee on Rules and Administration one thousand additional copies of its hearings of the first session of the Ninety-third Congress entitled "Public Financing of Federal Elections".

## PURCHASE OF CALENDARS

The resolution (S. Res. 374) relating to the purchase of calendars for 1975, was considered and agreed to, as follows:

*Resolved,* That the Committee on Rules and Administration is authorized to expend from the contingent fund of the Senate $905, in addition to the amount specified in S. Res. 299, Ninety-third Congress, agreed to March 26, 1974, to pay for the increased cost of calendars authorized to be purchased under that resolution and to purchase two hundred and fifty additional calendars.

## SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

The resolution (S. Res. 375) authorizing supplemental expenditures by the Committee on Interior and Insular Affairs for inquiries and investigations during the period March 1, 1973 through February 28, 1974, was considered and agreed to, as follows:

*Resolved,* That section 2 of Senate Resolution 33, Ninety-third Congress, agreed to February 22, 1973, is amended by striking out "$475,000" and inserting in lieu thereof "$478,200".

## SEVENTY-SIXTH ANNUAL REPORT OF THE NATIONAL SOCIETY OF THE DAUGHTERS OF THE AMERICAN REVOLUTION

The resolution (S. Res. 377) authorizing the printing of the 76th Annual Report of the National Society of the Daughters of the American Revolution as a Senate document, was considered and agreed to, as follows:

*Resolved,* That the Seventy-sixth Annual Report of the National Society of the Daughters of the American Revolution for the year ended March 1, 1973, be printed with an illustration, as a Senate document.

## ROSALIE S. LEWIS

The resolution (S. Res. 376) to pay a gratuity to Rosalie S. Lewis, was considered and agreed to, as follows:

*Resolved,* That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Rosalie S. Lewis, widow of Willie L. Lewis, an employee of the Senate at the time of his death, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

## ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The Chair recognizes the distinguished assistant Republican leader, the Senator from Michigan (Mr. GRIFFIN).

Mr. GRIFFIN. Mr. President, I yield back my time.

The ACTING PRESIDENT pro tempore. At this time, in accordance with the previous order, the Chair recognizes the distinguished Senator from Ohio (Mr. METZENBAUM) for not to exceed 15 minutes.

## OIL POWER: THE GROWING THREAT TO THE AMERICAN ECONOMY

Mr. METZENBAUM. Mr. President, this morning I would like to talk about the power of petroleum.

The theme is not new, of course. Ever since the early part of the century, the tentacles of the oil octopus have seized expanding shares of the national wealth. But today there is new cause for alarm.

While consumers have been victimized by the recent energy crisis, the oil industry has been amassing enormous profits—profits which allow the industry to extend still further its power over the American economy.

### SECOND QUARTER OIL PROFITS RISE BY 18 TO 292 PERCENT

The gravity of this problem is emphasized by the recent flurry of financial reports by oil companies. During the second quarter of this year, 14 major oil companies reported profit increases ranging from a low of 18 percent to a high of 292 percent over the same period of last year. For the first half of this year, the profit increase ranged from 21 percent to 402 percent.

Mr. President, I ask unanimous consent to have printed in the RECORD, a brief table on recent oil company profits.

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

SELECTED OIL COMPANY PROFITS

| Company | 2d quarter 1974 (millions) | Change from 1973 (percent) | 1st half 1974 (millions) | Change from 1973 (percent) |
|---|---|---|---|---|
| Ashland Oil | $32 | +40 | [1] $86 | +41 |
| Cities Service | 54 | +76 | 123 | +82 |
| Continental Oil | 100 | +94 | 210 | +111 |
| Exxon | 850 | +67 | 1,500 | +53 |
| Gulf Oil | 250 | +28 | 540 | +50 |
| Marathon Oil | 50 | +90 | 81 | +98 |
| Mobil Oil | 367 | +99 | 626 | +84 |
| Occidental Petroleum | 93 | +292 | 160 | +402 |
| Phillips Petroleum | 124 | +166 | 205 | +127 |
| Shell Oil | 124 | +39 | 246 | +45 |
| Standard Oil (Indiana) | 280 | +130 | 499 | +105 |
| Standard Oil (Ohio) | 50 | +18 | 73 | +21 |
| Sun Oil | 127 | +163 | 218 | +124 |
| Texaco | 460 | +72 | 1,049 | +98 |

[1] Last 9 months.

Mr. METZENBAUM. Mr. President, the average profit increase by these 14 companies for the second quarter comes to 98 percent. The enormity of this harvest is demonstrated by the fact that, as reported by the First National City Bank recently, the second-quarter profits of major U.S. corporations rose by only 28 percent over the same period of last year.

### OIL COMPANIES AMASS $5.6 BILLION IN FIRST HALF OF YEAR

For the first half of this year, these 14 oil companies amassed in excess of $5.6 billion—on top of the industry's already huge resources. The massive wealth of the petroleum industry is most strikingly demonstrated when it is measured against the rest of American industry.

PROFITS OF 31 OIL COMPANIES AMOUNT TO 60 PERCENT OF PROFITS OF ALL OTHER MANUFACTURERS

Of the world's 15 largest manufacturing companies, seven are oil companies and five of these are based in the United States. During the last quarter of 1973—the most recent period for which such a comparison is available—31 domestic petroleum companies reaped $2.5 billion in profits; this represented almost 60 percent of all profits earned by the remaining 572 major manufacturing concerns in the United States. In 1973, the net worth of 108 domestic petroleum companies surpassed $60 billion, more than 3 times as great as the next largest industry.

Mr. President, before coming to the Senate, I was a businessman. I know the vital role played by profits in our free enterprise system. I know that industry needs profits to finance future growth. However, there are limits.

Industry does not need—and should not have—inflated profits unconscionably extracted from consumers. Excessive profits of today's magnitude can only bring about developments that are inimical to the continued welfare of the American economy.

OIL COMPANIES MOVE TO CONTROL ALTERNATE SOURCES OF ENERGY

Although historically oil companies have used profits to finance growth within the petroleum industry, in more recent years the oil men have moved aggressively to control the production of such alternative sources of energy as coal, nuclear power, and solar power.

OIL COMPANIES: COAL

Beginning in 1963 with Gulf's acquisition of Pittsburgh and Midway Coal Mining Co., major oil companies have built up a substantial stake in the coal industry. Since that time, six petroleum firms bought out coal companies accounting for more than 20 percent of current coal production. Moreover, the petroleum industry has insured its future hold on coal production by securing control over more than 20 percent of known coal reserves.

Mr. President, I ask unanimous consent to have printed in the RECORD a table on the takeover of the coal industry by the oil companies.

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

OIL INDUSTRY CONTROL OF COAL PRODUCTION

| Acquiring firm | Acquired firm | Acquired firm percent of market | Date of acquisition |
|---|---|---|---|
| Gulf Oil | Pittsburgh & Midway Coal. | 1.3 | 1963 |
| Continental Oil | Consolidation Coal | 9.9 | 1966 |
| Occidental Petroleum | Island Creek Coal | 4.1 | 1968 |
| Standard Oil (Ohio) | Old Ben Coal | 1.9 | 1968 |
| Ashland Oil | Arch Mineral | 1.1 | 1968 |
| Eastern Gas & Fuel | Eastern Associated Coal. | 2.1 | 1969-70 |
| Total | | 20 | |

Source: Small Business Committee, 92d Congress. Production data from Keystone Coal Industry Manual.

OIL COMPANIES URANIUM

Mr. METZENBAUM. Mr. President, Petroleum firms have also sought to dominate the nuclear energy market. Kerr-McGee now controls 27 percent of domestic uranium production, and Humble Oil is planning a mill with capacity equal to 8 percent of domestic capacity. Other oil firms also are planning to invade the production of uranium. The Bureau of Mines estimates that the industry now controls about 80 percent of domestic uranium reserves, and the Oil and Gas Journal reports that the "oil industry is moving more and more into coal and uranium."

OIL COMPANIES: SOLAR ENERGY

Although solar energy currently makes a negligible contribution to our energy needs, a recent Atomic Energy Commission report stated that that energy source could easily provide up to one-third of our future requirements. The oil industry has begun to move into solar energy research on a large scale. The Exxon Corp. recently purchased Solar Power Corp.; Shell now controls Solar Energy Systems; Gulf conducts solar research through one of its subsidiaries, and other firms have also begun work in this area. By the time solar energy is commercially feasible, the oil industry will have built up a substantial stake in solar power.

OIL COMPANIES INVADE UNRELATED SECTORS OF AMERICAN ECONOMY

Senators, day in and day out representatives of the oil industry have come before the Senate Interior Committee, pleading that they need enormous profits to finance the further development of our petroleum resources. If their investments were confined to petroleum research and development, their pleas might make some sense. However, the fact is that the oil barons are using their incredible profits not only to expand into other energy fields, but also to invade totally unrelated sectors of the American economy.

Many oil companies, for example, have made significant investments in real estate. Arco began acquiring property in downtown Los Angeles 2 years ago. Gulf Oil Real Estate has been involved in new communities such as Reston, Va., and is currently developing a 2,700-acre site in Florida for residential and commercial use. Gulf attempted to expand its real estate holdings last year by acquiring the CNA Financial Corp.

Now the oil companies are reaching beyond real estate. Mobil Oil recently announced its intention of purchasing a controlling interest in Marcor Corp., the parent company on Montgomery Ward and Container Corp. of America. At current prices the Marcor deal would cost Mobil $350 million, a huge sum but less than Mobil's second quarter profits.

These are but a few of the many instances in which the oil companies are using their tremendous resources to move into other industries.

INTIMATE RELATIONSHIPS BETWEEN OIL INDUSTRY AND FINANCIAL COMMUNITY

Besides their own vast economic power, the oil companies also have been able to establish intimate relationships with the Nation's major financial institutions—relationships that the Federal Trade Commission has announced it will investigate.

To mention just a few examples from a 1972 study by the Ruttenberg Consulting Firm, Exxon shares two directors with Chemical Bank of New York, one director with Chase-Manhattan and one with Morgan Guaranty. Gulf shares three directors with Mellon National. Shell has one director on the Board of First National City Bank of New York.

A more recent study by the office of my distinguished colleague from South Dakota, Senator ABOUREZK, updates the Ruttenberg analysis. I ask unanimous consent that a table based on the Abourezk study be printed in the RECORD at this point.

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

INTERLOCKING DIRECTORATES BETWEEN SELECTED OIL COMPANIES AND FINANCIAL INSTITUTIONS

| Oil company | Banks | |
|---|---|---|
| Amerada Hess | Chemical | |
| Arco | Chase Manhattan | First Chicago. |
| Continental | Morgan Guaranty Trust, Mellon National | Continental Illinois. |
| Cities Service | Morgan Guaranty Trust | |
| Exxon | First National City, Chase Manhattan, First City BankCorp. (Texas) | Morgan Guaranty Trust, Chemical (2).[1] |
| Gulf | Mellon National (5)[1] | |
| Marathon | Chemical | |
| Mobil | First National City | Chemical. |
| Phillips | First National City | |
| Shell | Charter New York | |
| Standard Oil (California) | First National City (2)[1] | Bank America (2).[1] |
| Standard Oil (Indiana) | Chase Manhattan | Continental Illinois (3). |
| Standard Oil (Ohio) | Cleveland Trust (2)[1] | |
| Superior | First City BankCorp (Texas) | |

[1] The figure in parenthesis is the number of interlocking directorates, if more than 1.

INTERLOCKS REINFORCE MONOPOLISTIC MOVEMENTS IN CONCENTRATED INDUSTRY

Mr. METZENBAUM. Mr. President, clearly, an oil company which has close relationships with one or more large banks will be at an advantage in seeking credit. At the same time, the company is in a position to learn valuable intelligence about its competitors. Extensive interlocks between major banks and oil companies, therefore, pose a potentially significant barrier to the growth of independent oil firms and tend to reinforce monopolistic movements in an industry that already is highly concentrated.

According to data gathered by the Federal Trade Commission in 1971, half of all domestic oil production is accounted for by just 20 firms, even though there are more than 8,000 in the business. Four companies, by themselves, account for one-fourth of all crude production. Refining is even more concentrated: the 20 largest refiners are responsible for 84 percent of domestic refinery capacity, and the top four firms control one-third of all domestic capacity.

Not surprisingly the largest producers are also the largest refiners. The top eight producers and refiners are the same. All of the top 16 producers are among the 20 largest refiners. Because of this inter-relationship, an FTC report last year charged that:

> The major oil companies in general and the eight largest majors in particular have engaged in conduct which exemplifies their market power and has served to squeeze independents at both the refining and marketing levels . . . the majors continually engage in common courses of action for their common benefit.

ANTITRUST PROBE REQUESTED TO DETERMINE IF OIL OUTPUT IS BEING RESTRAINED

More recently news reports indicate that major refiners may well be acting in concert to restraint the output of gasoline and other refined products. During the week ending July 19, the production of gasoline dropped 6 to 7 percent below the same week last year, despite a 9-percent increase in available crude oil. One respected industry analyst, Dr. Fred Allvine, of Georgia Tech, has reviewed the current production figures and concluded:

> As long as they (the major companies) can keep the supply of gasoline relatively tight, they can keep gas away from the dealer who could cut prices and pass on savings to the public. That makes it possible to report higher profits month after month.

I have asked the Attorney General to investigate this situation for possible violations of the antitrust laws.

CONSUMER SUFFERS HIGH PRICES, LOSS OF JOB OPPORTUNITIES

In the long run, the victim of the oil industry monopoly is the American consumer.

He pays more for fuel. Over the past year, the price of regular gasoline has increased by more than 40 percent. The price of home heating oil has jumped by almost 70 percent.

He is losing job opportunities. Two well-known economists, Walter Heller and George Perry, have warned that up to 600,000 workers will be denied jobs because of the energy price increases and the fuel shortages.

And while the consumer, not to mention the entire economy, suffers this awful squeeze, what are we in Government, who are supposed to be representing the public's interest, doing to protect the American family?

We sit and watch the oil octopus invade the Government and those agencies created to advise it. For example, in November, 1973, the President activated the Emergency Petroleum and Gas Administration to appraise the oil crisis. No less than 128 key positions were filled by personnel from other major oil and natural gas firms. In recent weeks, the General Accounting Office has issued conflict-of-interest charges against oil industry personnel who served with the Energy Policy Committee and the Federal Energy Administration.

OIL AND GOVERNMENT: SWEETHEARTS FOR 50 YEARS

A friendly relationship between the Government and the oil industry is nothing new, however. Indeed, this is an apt description of the relationship over the past 50 years, beginning with the adoption of the depletion allowance in 1926. Depletion is a luxury enjoyed by the oil grants for far too long.

Depletion was only the beginning of the Government's aid to oil. In 1928, the State Department gave the oil monopoly a mighty thrust by abandoning its "open door" policy for oil exploration in the Middle East. This allowed the seven major international oil companies to curtail crude oil output and to limit competition in refining, marketing, and the securing of concessions.

Twenty-two years later the Treasury Department secretly propped up the Ibn Saud regime in Saudi Arabia and, at the same time, reduced the tax load on the four U.S. major companies controlling Saudi production. On the advice of the Aramco cartel, and with the approval of the U.S. Secretary of State, the Saudi Government in 1950 changed the royalties assessed on crude oil to a so-called income tax.

Supported by a favorable tax ruling by Treasury, oil companies then received a dollar-for-dollar tax credit for royalties—thereafter described as taxes—paid foreign oil-producing nations against income taxes owed the U.S. Treasury. In 1950, Exxon, Texaco, Mobil, and Standard Oil of California paid $50 million in U.S. taxes and $66 million in Saudi royalties; in 1951 their U.S. taxes fell to $6 million, while Saudi Arabia collected $110 million. From then on, the United States began losing hundreds of millions of dollars annually in tax revenues from oil companies operating abroad.

In 1952, the State Department again came to the industry's aid by shielding it from a Justice Department investigation of the international petroleum cartel, arguing that the investigation might spur nationalization fever in the Middle East. Not only was the antitrust assault sidetracked, but the Government permitted the big oil companies to limit sharply the participation of independents in Iran's production.

Then in the late 1950's, the Arab producing nations formed the Organization of Petroleum Exporting Countries—OPEC—to improve their bargaining position. To meet this threat, the oil companies sought to draw up a united front, and the Justice Department secretly agreed to forgo antitrust action.

Most recently, as we all are well aware, the oil industry exploited this past winter's energy crisis to boost prices and profits beyond reason. And we in Congress were rendered helpless by President Nixon's veto.

RECOMMENDATIONS FOR RESTRAINING THE OIL INDUSTRY'S GROWING POWER

Mr. President, I submit that this is a shameful history. Now that the energy crisis seems to have eased somewhat, this is no time to relax. Rather, we should take the first steps toward cutting back the enormous and growing power of the oil industry.

On the one hand we must press the administration to enforce diligently the antitrust laws designed to maintain competitive markets. As I indicated earlier, I have written the Attorney General to investigate whether the oil companies have deliberately restrained production in order to preserve their price-profit spiral. At the same time, Congress should exercise vigorously its oversight powers to insure that the FTC moves expeditiously in its more sweeping investigation of the structure of the oil industry.

These steps will reduce the concentrated power of the industry in the long run, but we must take action now to alleviate the plight of consumers. I urgently call on the President to lay down the veto club he holds over oil price rollback legislation.

Lower prices will cut back the bloated profits of the oil industry. In addition, Congress should immediately revise our tax laws to discourage the continued massing of profits in oil industry hands. The oil depletion allowance, if once justified, is no longer needed or warranted. We should abolish this bonanza immediately.

We must also stop the outrageous and inequitable tax advantage by which foreign royalty payments are offset against the oil industry's domestic income taxes. In fairness, the industry should be allowed to take business deductions for foreign royalties, as was the case before 1950, but it is high time for the U.S. Treasury to begin recapturing those hundreds of millions of dollars it is losing annually through this tax loophole.

Mr. President, we must seriously reevaluate the role of big oil in the American economy. If we do not act, the growing power of the industry may suffocate us all.

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## TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. At this time, in accordance with

the previous order, there will be a period not to exceed 15 minutes for the transaction of routine morning business with statements therein limited to 5 minutes.

The Senator from Montana.

## AUTHORIZATION FOR THE SECRETARY OF THE SENATE TO MAKE TECHNICAL AND CLERICAL CHANGES TO S. 3792, A BILL TO AMEND AND EXTEND THE EXPORT ADMINISTRATION ACT OF 1969

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of S. 3792.

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

## COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

ANNUAL REPORT OF THE SECURITIES INVESTOR PROTECTION CORPORATION, 1973

A letter from the Chairman, Securities and Exchange Commission, transmitting, pursuant to law, the Third Annual Report of the Securities Investor Protection Corporation covering the year 1973 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report summarizing benefit provisions, financial data, and key issues relating to Federal retirement systems (with an accompanying report). Referred to the Committee on Government Operations.

PROPOSED LEGISLATION TO ESTABLISH A GRANT-IN-AID PROGRAM FOR STATE VETERANS CEMETERIES

A letter from the Administrator, Veterans' Administration, transmitting a draft of proposed legislation to amend title 38 of the United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of veterans cemeteries, to eliminate certain duplications in the payment of Federal burial benefits, and to provide for transportation of bodies to a national cemetery (with accompanying papers). Referred to the Committee on Veterans' Affairs.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EASTLAND, from the Committee on Agriculture and Forestry, with an amendment:

S. 3489. A bill to authorize exchange of lands adjacent to the Teton National Forest in Wyoming, and for other purposes (Rept. No. 93-1054).

By Mr. PROXMIRE, from the Committee on Appropriations, with amendments:

H.R. 15572. A act making appropriations for the Department of Housing and Urban Development; for space, science, veterans, and certain other independent, executive agencies, boards, commissions, corporations, and offices for the fiscal year ending June 30, 1975, and for other purposes (Rept. No. 93-1056).

By Mr. BAYH, from the Committee on Appropriations, with amendments:

H.R. 15581. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes (Rept. No. 93-1057).

By Mr. LONG, from the Committee on Finance, with amendments:

H.R. 6191. An act to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty (Rept. No. 93-1058);

H.R. 7780. An act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk (Rept. No. 93-1059);

H.R. 11251. An act to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel (Rept. No. 93-1060);

H.R. 11452. An act to correct an anomaly in the rate of duty applicable to crude feathers and downs, and for other purposes (Rept. 93-1061);

H.R. 11830. An act to suspend the duty on synthetic rutile until the close of June 30, 1977 (Rept. No. 93-1062);

H.R. 12035. An act to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts (Rept. No. 93-1063);

H.R. 12281. An act to continue until the close of June 30, 1975, the suspension of duties on certain forms of copper (Rept. No. 93-1064); and

H.R. 13631. An act to suspend for a temporary period the import duty on certain horses (Rept. No. 93-1065).

## EXECUTIVE REPORTS OF COMMITTEES

Mr. STENNIS. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the nominations of Col. John W. White, U.S.A., to be brigadier general, Medical Corps and Lt. Gen. Howard Wilson Penney, U.S.A., to be placed on the retired list in that grade; in the Navy, Vice Adms. Vannoy, Wheeler, and Behrens, Jr., for appointment to the grade of vice admiral on the retired list and Vice Adm. Weinel for appointment to the grade of admiral; and, in the Air Force, Maj. Gen. Winton W. Marshall to be lieutenant general. I ask that these names be placed on the Executive Calendar.

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

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. NELSON (for himself, Mr. CRANSTON, Mr. MONDALE, Mr. RANDOLPH, and Mr. BAYH):

S. 3870. A bill to provide for the extension of Headstart and other programs under the Economic Opportunity Act of 1964, to establish a Community Services Administration in the Department of Health, Education, and Welfare to administer programs which have been administered by the Office of Economic Opportunity, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. JOHNSTON:

S. 3871. A bill to authorize the Administrator of the Federal Energy Administration to conduct a study of the energy needs of the United States and the methods by which such needs can be met, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. EAGLETON:

S. 3872. A bill to inform the public concerning the differences in delivery times between first class mail and air mail. Referred to the Committee on Post Office and Civil Service.

By Mr. BENTSEN:

S. 3873. A bill for the relief of the city of Aransas Pass, Tex., and the Urban Renewal Agency of the city of Aransas Pass, Tex. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. GRAVEL:

S. 3874. A bill to authorize the Secretary of the Interior to convey all right, title, and interest of the United States in and to a tract of land located in the Fairbanks Recording District, State of Alaska, to the Fairbanks North Star Borough, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

S. 3875. A bill entitled "Energy Revenue and Development Act of 1974." Referred to the Committee on Finance.

By Mr. MATHIAS (for himself and Mr. BEALL):

S. 3876. A bill to provide for the expansion of the Antietam National Battlefield site in the State of Maryland, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

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

S.J. Res. 230. A joint resolution to salute Chautauqua Institution on the occasion of its 100th anniversary. Considered and passed today.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. NELSON (for himself, Mr. CRANSTON, Mr. MONDALE, Mr. Mr. RANDOLPH, and Mr. BAYH):

S. 3870. A bill to provide for the extension of Headstart and other programs under the Economic Opportunity Act of 1964, to establish a Community Services Administration in the Department of Health, Education, and Welfare to administer programs which have been administered by the Office of Economic Opportunity, and for other purposes. Referred to the Committee on Labor and Public Welfare.

COMMUNITY SERVICES AND HEAD START ACT OF 1974

Mr. NELSON. Mr. President, I am introducing the Community Services and Head Start Act of 1974, a bill to provide for the extension of Head Start and other programs under the Economic Opportunity Act of 1964, to establish a Community Services Administration in the Department of Health, Education, and Welfare to administer programs which have been administered by the

Office of Economic Opportunity, and for other purposes.

Under this proposed legislation, the functions of the Office of Economic Opportunity would be transferred to the Department of Health, Education, and Welfare. The bill would extend the authorization for the various programs under the Economic Opportunity Act for another 3 years—fiscal years 1975 through 1977. The Office of Economic Opportunity itself would be discontinued as a separate Federal agency after the transfer of functions to HEW is completed.

The Office of Economic Opportunity's responsibilities for community action and related programs would be vested in a newly created agency within the Department of Health, Education, and Welfare known as the Community Services Administration. The concept of an administration within HEW to take over the functions of OEO is substantially the same as that contained in the House-passed Community Services Act of 1974—H.R. 14449—which recently passed the House of Representatives by a vote of 331 to 53.

The Director of the Community Services Administration would be responsible directly to the Secretary of Health, Education, and Welfare, and would be subject to confirmation by the Senate.

I share the concern of those who believe that it is important that there continue to be an agency to serve as a focal point within the Federal Government for advocating policies responsive to the concerns of the poor. I believe that a statutorily created agency at a high level within HEW can provide that kind of a strong voice for the poor and thereby continue to carry out the role which OEO has performed in the past.

From its enactment 10 years ago, the Economic Opportunity Act has contained provisions designed to give administrative flexibility to the war on poverty. Under that act, the Office of Economic Opportunity is authorized to delegate programs to other agencies under so-called delegation agreements setting forth arrangements designed to assure maximum liaison and coordination among programs. From their beginning, Neighborhood Youth Corps, Operation Mainstream, and the various work and training programs other than Job Corps were delegated for actual administration to the Labor Department. In 1969, Job Corps was delegated to the Labor Department, and Head Start, which had been administered in the Office of Economic Opportunity, was delegated to the Department of Health, Education, and Welfare. OEO's health programs have likewise been spun off to HEW.

The bill I am introducing contains titles requested by the administration to consolidate the legislative authority for Head Start, Follow Through, Native American programs, and research and demonstration programs as responsibilities of Secretary of Health, Education, and Welfare.

During the period of time since its establishment in 1964, the Office of Economic Opportunity has served as the incubator for innovative programs designed to alleviate the conditions of poverty in this country. Over the 10 years of this war on poverty, a number of the programs nurtured in OEO have matured, and the executive branch has exercised its discretion under the legislation to spin off such programs to take their place among related programs in established departments of the Federal Government.

A few years ago, the Office of Economic Opportunity administered programs involving over a billion dollars of Federal funds. With its other programs spun off to other agencies, it still retains responsibility for community action programs, community economic development, and legal services so that at the present time OEO provides annual funding of about $400 million. In view of the fact that the Legal Services Corporation has recently been signed into law—Public Law 93-355—the legal services program will, under the terms of that legislation, cease to be a responsibility of OEO within several months—the transfer takes effect 90 days after the Corporation's Board of Directors has been confirmed.

I recognize that there are those who would have preferred that the Office of Economic Opportunity retain the operational responsibility for many of the programs in the war on poverty. In acting upon the Economic Opportunity Amendments of 1969 and 1972, Congress deferred the spinoff of the programs that now remain in OEO—community action, community economic development, and legal services—because we felt that legislative approval should be given to any proposed new location for these programs which are at the core of the war on poverty.

With respect to one of these programs, we have now enacted legislation providing a new home for the Legal Services Corporation. As a result of action on the pending legislation, the community economic development program will be spun off from OEO. The question of where responsibility for the community action programs is to be lodged must therefore be squarely faced by this Congress.

I am in agreement with the approach of the legislation passed by the House of Representatives to transfer the community action program to the Department of Health, Education, and Welfare. Many of the local activities of community action programs are in the field of health, education, and welfare. It makes sense to locate the responsibility for community action programs in the department which has on-going relationships with these programs. This is particularly appropriate since HEW now has responsibility for antipoverty programs such as Headstart, neighborhood health centers, alcoholism and drug rehabilitation programs, and nutrition programs.

It is important, however, to assure that the responsibility for community action programs will not be buried under or lost in the bureaucracy. Without detracting from the ultimate responsibility of the Secretary and Under Secretary of Health, Education, and Welfare for programs within their Department, the proposed legislation I am introducing requires the establishment of a Community Services Administration with primary responsibility for community action programs and research and development functions under the Economic Opportunity Act. The Secretary would have the discretion to assign related responsibilities to such Administration, particularly other programs under the Economic Opportunity Act if such a reorganization of functions is deemed desirable.

It should be pointed out that the bill I am introducing makes no change in the current law's local share requirement for community action programs, under which local resources must be provided for 20 percent of the costs of carrying out such programs. The House-passed bill does make a change in that local share requirement, increasing the required local share to 30 percent in fiscal year 1976 and 40 percent in fiscal year 1977. I believe that we should await further experience under the provisions of this legislation before requiring such a drastic increase in the financial burden upon local programs.

Rather than a mandatory increase in the local share, which could prove particularly difficult in rural areas, I have included in my bill an authorization for incentive grants to match dollar for dollar any State and local governmental funds provided to community action programs. There is a similar provision in the House-passed bill. I am hopeful that this incentive approach will induce interest on the part of the State and local governments toward greater involvement with antipoverty programs. Some interest in budgeting funds for antipoverty programs was manifested in a number of States this year.

But very limited funds have so far been actually appropriated by State and local governments for community action programs. Community action programs may be more successful in obtaining State and local funds in the future. We should encourage such efforts by allocating part of the Federal antipoverty funding to match State and local funds which are made available for such programs. My proposal provides that half of any increase in funding for local initiative community action—over the current annual program level of $330 million—would go for these incentive grants to match State and local funding.

The overwhelming 331 to 53 vote by which the House of Representatives passed legislation similar to the bill I am introducing is an indication for the widespread bipartisan support that community action programs have come to enjoy in communities all over America today.

The community action programs developed under the Economic Opportunity Act have become one of the most flexible weapons in the war against

poverty. These programs have stimulated the mobilization of other resources, which together have gone a long way toward alleviating some of the inevitable and debilitating consequences of being poor in a nation of affluence. They have formed an important link between our governmental institutions and the poor, by bringing local imagination and flexibility to bear on the often unpredictable variety of problems that can exist in any city, county, or region. By encouraging the development of leadership from within the poverty community, these programs have provided a very special and unbureaucratic approach to problem solving at the local level.

It has always been my strong belief that local citizens could do a far more competent job of planning and running local programs than bureaucrats sitting thousands of miles away in Washington, no matter how well intentioned those bureaucrats might be. Community action programs are just such local institutions.

Since the 1930's the Federal Government has been assuming more and more responsibility for meeting needs that State and local governments were not able to face. Now that States and localities are more aware of the needs, and have demonstrated an ability to carry out social programs, it is time to strengthen responsibility at the local level where the problems are, where the problems are best understood, and where they must be solved.

What has led so many national, State, and local political leaders, of every political persuasion, to offer their strong support for the continuation of local initiative community action programs has been the hard-won expertise these programs have demonstrated in reflecting the particular concerns of the poor communities they serve. These programs have acquired the flexibility to develop specific local responses to specific local problems, as well as the flexibility to marshal the resources of existing private and Federal, State, and local governmental programs in their innovative atacks upon the problems of the poor in their communities. They have done so in a spirit of cooperation with public and private officials at all levels. They have truly earned the wide bipartisan support they now enjoy.

Since successful community action agencies demonstrate that Federal funds can be wisely administered by people and government at the local level, we must insure the continuation of those programs by extending the Economic Opportunity Act which authorizes support for their activities.

Mr. President, on Wednesday, August 7, the Subcommittee on Employment, Poverty, and Migratory Labor, of which I am chairman, will hold a hearing on the Community Services and Headstart Act of 1974, which I am introducing today, as well as Senator JAVITS' bill, the Economic Opportunity and Community Partnership Act of 1974, and the House-passed Community Services Act of 1974—H.R. 14449. The hearing will be in the hearing room of the Labor and Public Welfare Committee, room 4232, New Senate Office Building, beginning at 10 a.m.

Mr. President, I ask unanimous consent that there be included in the RECORD following this statement a summary of the bill I am introducing and the text of the bill.

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

SUMMARY OF COMMUNITY SERVICES AND HEADSTART ACT OF 1974

(Introduced by Senator GAYLORD NELSON)

Extends the Economic Opportunity Act for three years, authorizing appropriations through fiscal year 1977.

Transfers Office of Economic Opportunity functions to a newly-created Community Services Administration within the Department of Health, Education, and Welfare.

Provides legislative authority for Head Start, Follow Through, and Native American Programs in the Department of Health, Education, and Welfare (HEW now operates such programs under delegation arrangements from OEO).

Retains 80 percent Federal, 20 percent local share of costs, same as current economic Opportunity Act requires of Community Action programs.

Authorizes additional program of incentive grants to match dollar for dollar those funds made available by State and local governments for community action programs.

Authorizes appropriation of such sums as may be necessary for Economic Opportunity Act programs for fiscal years 1975 through 1977. Any amount above $330 million allocated for local initiative community action programs would split half-and-half between direct local initiative funds and incentive grants to match State and local government funds for community action programs.

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S. 3870

*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 Services and Headstart Act of 1974".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to extend programs under the Economic Opportunity Act of 1964 and to establish within the Department of Health, Education, and Welfare a Community Services Administration to administer programs which have been administered by the Office of Economic Opportunity.

HEADSTART AND FOLLOW THROUGH

SEC. 3. (a) Title V of the Economic Opportunity Act of 1964 is amended by striking out the heading thereof and all of such title preceding part B thereof (which is hereby redesignated as part C) and inserting in lieu thereof the following:

"TITLE V—HEADSTART AND FOLLOW THROUGH PROGRAMS

"PURPOSE OF TITLE

"SEC. 501. In recognition of the role of Project Headstart and Follow Through in the effective delivery of comprehensive health, education, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this title to provide the legislative basis for the administration of the Headstart and Follow Through programs in the Department of Health, Education, and Welfare.

"PART A—PROGRAM AUTHORITY AND REQUIREMENTS

"AUTHORIZATION OF HEADSTART PROGRAM

"SEC. 511. The Secretary may, upon application by an agency which is eligible for designation as a Headstart agency pursuant to section 514, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Headstart program focused upon children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, nutritional, educational, social, and other services as the Secretary finds will aid the children to attain their full potential, and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 512. There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1975 through 1977.

"ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

"SEC. 513. (a) Of the sums appropriated pursuant to section 512 for any fiscal year beginning after June 30, 1975, the Secretary shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. In addition, the Secretary shall reserve not more than 15 per centum of the sums so appropriated for use in accordance with such criteria and procedures as he may prescribe, and not less than 10 per centum of the sums so appropriated for the purpose of assisting Headstart agencies to meet the requirements of section 513(d). The remainder shall be allotted among the States, in accordance with the latest satisfactory available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families below the poverty line in each State as compared to all States; but there shall be made available, for use by Headstart programs within each State, no less funds for any fiscal year than were obligated for use by Headstart programs within such State with respect to fiscal year 1975. For the purpose of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census.

"(b) Financial assistance extended under this part for a Headstart program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

"(c) No program shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such program will be in addition to, and not in substitution for, comparable services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may prescribe.

"(d) The Secretary shall establish policies and procedures designed to assure that not less than 10 per centum of the total number of enrollment opportunities in Headstart programs shall be available for handicapped children (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs. The Secretary shall report to the Congress at least annually on the status of handicapped children in Headstart programs, including the number of children being served, their handicapping conditions, and the services being provided such children.

"(e) The Secretary shall adopt appropriate administrative measures to assure that the benefits of this title will be distributed equitably between residents of rural and urban areas.

"DESIGNATION OF HEADSTART AGENCIES

"SEC. 514. (a) A public or private nonprofit agency which (1) has the power and authority to carry out the purposes of this part and perform the functions set forth in section 515 within a community, and (2) is determined by the Secretary to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a Headstart program, may be designated as a Headstart agency.

"(b) For the purposes of this title, a community may be a city, county, multicity, or multicounty unit within a State, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organization base and possesses the commonality of interest needed to operate a Headstart program.

"(c) In the administration of the provisions of this section, the Secretary shall give priority in the designation of Headstart agencies to any public or private nonprofit agency which is receiving funds under any Headstart program on the date of the enactment of this Act, except that the Secretary shall, before giving such priority, determine that the agency involved meets program and fiscal requirements established by the Secretary.

"POWERS AND FUNCTIONS OF HEADSTART AGENCIES

"SEC. 515. (a) In order to be designated as a Headstart agency under this part, an agency must have authority under its charter or applicable law to receive and administer funds under this part, funds and contributions from private or local public sources which may be used in support of a Headstart program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Headstart program. Such an agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

"(b) In order to be so designated, a Headstart agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to influence the character of programs affecting their interests, (2) provide for their regular participation in the implementation of such programs, and (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources.

"SUBMISSION OF PLANS TO GOVERNORS

"SEC. 516. In carrying out the provisions of this part, no contract, agreement, grant, or other assistance shall be made for the purpose of carrying out a Headstart program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by him to be fully consistent with the provisions and in furtherance of the purposes of this part. Funds to cover the cost of the proposed contract, agreement, grant, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor.

"ADMINISTRATIVE REQUIREMENTS AND STANDARDS

"SEC. 517. (a) Each Headstart agency shall observe standards of organization, management, and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this part and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each such agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each agency shall also provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. Each such agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

"(b) No financial assistance shall be extended under this part in any case in which the Secretary determines that the costs of developing and administering a program assisted under this title exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such program. In any case in which the Secretary determines that the cost of administering such program does not exceed 15 per centum of such total costs but, in his judgment, is excessive, he shall forthwith require the recipient of such financial assistance to take such steps prescribed by him as will eliminate such excessive administrative cost, including the sharing by one or more Headstart agencies of a common director and other administrative personnel. The Secretary may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever he determines that such a waiver is necessary in order to carry out the purposes of this part.

"(c) The Secretary shall prescribe rules or regulations to supplement subsection (a) of this section, which shall be binding on all agencies carrying on Headstart program activities with financial assistance under this part. He may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. Policies and procedures shall be established to insure that indirect cost attributable to the common or joint use of facilities and services by programs assisted under this part and other programs shall be fairly allocated among the various programs which utilize such facilities and services.

"(d) All rules, regulations, guidelines, instructions, and application forms published or promulgated by the Secretary pursuant to this part shall be published in the Federal Register at least thirty days prior to their effective date.

"PARTICIPATION IN HEADSTART PROGRAMS

"SEC. 518. (a) The Secretary shall by regulation prescribe eligibility for the participation of persons in Headstart programs assisted under this part. Such criteria shall provide (1) that children from low-income families shall be eligible for participation if their families are below the poverty line or if their families qualify or, in the absence of child care, would potentially qualify for public assistance; and (2) that programs assisted under this part may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (1).

"(b) The Secretary shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in Headstart programs, unless such fees are authorized by legislation hereafter enacted.

"APPEALS, NOTICE AND HEARING

"SEC. 519. The Secretary shall prescribe procedures to assure that—

"(1) special notice of and an opportunity for a timely and expeditious appeal to the Secretary is provided for an agency or organization which desires to serve as a delegate agency under this part and whose application to the Headstart agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Secretary;

"(2) financial assistance under this part shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, nor shall an application for refunding be denied, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

"(3) financial assistance under this part shall not be terminated for failure to comply with applicable terms and conditions unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

"RECORDS AND AUDITS

"SEC. 520. (a) Each recipient of financial assistance under this part shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proeeeds of such financial assistance, the total cost of the project or undertaking in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this part.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 521. The Secretary may provide, directly or through grants or other arrangements, (1) technical assistance to communities in developing, conducting, and administering programs under this part, and (2) training for specialized or other personnel needed in connection with Headstart programs.

"RESEARCH AND DEMONSTRATION PROGRAMS

"SEC. 522. (a) The Secretary may provide financial assistance, by contract or otherwise, for pilot or demonstration projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part. He may also contract or provide financial assistance for research pertaining to the purposes of this part.

"(b) The Secretary shall establish an overall plan to govern the approval of pilot or demonstration projects and the use of all research authority under this part. Such plan shall set forth specific objectives to be achieved and priorities among such objectives.

"ANNOUNCEMENT OF RESEARCH OR DEMONSTRATION CONTRACTS

"SEC. 523. (a) The Secretary shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the contractor, and proposed cost of any contract with a private or non-Federal public agency or organization for any demonstration or research project; and

"(2) the results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) of this section shall be made within thirty days of entering into such contracts and thereafter within thirty days of the receipt of such results.

"EVALUATION

"SEC. 524. (a) The Secretary shall provide for the continuing evaluation of programs under this part, including evaluations that describe and measure, with appropriate means and to the extent feasible, the impact of such programs, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, and including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. The Secretary may, for such purposes, contract or make other arrangements for independent evaluations of those programs or individual projects.

"(b) The Secretary shall to the extent feasible develop and publish standards for evaluation of program effectiveness in achieving the objectives of this part. He shall consider the extent to which such standards have been met in deciding whether to renew or supplement financial assistance authorized under this part.

"(c) In carrying out evaluations under this part, the Secretary may require Headstart agencies to provide independent evaluations.

"DEFINITIONS

"SEC. 525. As used in this part, the term—

"(1) 'Secretary' means the Secretary of Health, Education, and Welfare.

"(2) 'State' means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; except that, when used in section 513(a) of this title, this term means only a State, Puerto Rico, or the District of Columbia; and

"(3) 'financial assistance' includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

"LABOR STANDARDS

"SEC. 526. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted under this part shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—275a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

"COMPARABILITY OF WAGES

"SEC. 527. (a) The Secretary shall take such action as may be necessary to assure that persons employed in carrying out programs financed under this part shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher, or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

"NONDISCRIMINATION PROVISIONS

"SEC. 528. (a) No person in the United States shall on the ground of race, creed, color, national origin, sex, or political affiliation be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this part.

"(b) The Secretary shall enforce the provisions of this section by (1) referring the matter to the Attorney General with a recommendation that an appropriate civil action be instituted, (2) exercising the powers and functions provided by title VI of the Civil Rights Act of 1964, or (3) taking such other action as may be provided by law.

"LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

"SEC. 529. No individual employed or assigned by any Headstart agency or other agency assisted under this part shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this part by such Headstart agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

"POLITICAL ACTIVITIES

"SEC. 530. (a) For purposes of chapter 15 of title 5 of the United States Code any agency which assumes responsibility for planning, developing, and coordinating Headstart programs and receives assistance under this part shall be deemed to be a State or local agency; and for purposes of clauses (1) and (2) of section 1502(a) of such title any agency receiving assistance under this part shall be deemed to be a State or local agency.

"(b) Programs assisted under this part shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or (3) any voter registration activity. The Secretary, after consultation with the Civil Service Commission, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

"ADVANCE FUNDING

"SEC. 531. For the purpose of affording adequate notice of funding available under this part, appropriations for carrying out this part are authorized to be included in an Appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"PART B—FOLLOW THROUGH PROGRAMS

"GRANTEES; NATURE OF PROJECTS

"SEC. 551. (a)(1) The Secretary is authorized to provide financial assistance in the form of grants to local educational agencies, combinations of such agencies, and, as provided in paragraph (2) of this subsection, any other public or appropriate nonprofit private agencies, organizations, and institutions for the purpose of carrying out Follow Through programs focused primarily on children from low-income families in kindergarten and primary grades, including such children enrolled in private nonprofit elementary schools, who were previously enrolled in Headstart or similar programs.

"(2) Whenever the Secretary determines (A) that a local educational agency receiving assistance under paragraph (1) is unable or unwilling to include in a Follow Through program children enrolled in nonprofit private schools who would otherwise be eligible to participate therein, or (B) that it is otherwise necessary in order to accomplish the purposes of this section, he may provide financial assistance for the purpose of carrying out a Follow Through program to any other public or appropriate nonprofit private agency, organization, or institution.

"(3) Programs to be assisted under this section must provide comprehensive services which the Secretary finds will aid in the continued development of children described in paragraph (1) to their full potential. Such projects must provide for the direct participation of the parents of such children in the development, conduct, and overall direction of the program at the local level. If the Secretary determines that participation in the project of children who are not from low-income families will enhance the development of children from low-income families or will otherwise serve to carry out the purposes of this section, he may provide for the inclusion of such children from non-low-income families, but only to the extent that their participation will not dilute the effectiveness of the services designed for children described in paragraph (1) of this subsection.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 552. (a) There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1975 through 1977. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

"(b) Financial assistance extended under this part for a Follow Through program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

"(c) No project shall be approved for assistance under this part unless the Secretary is satisfied that the service to be provided under such project will be in addition to, and not in substitution, for services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may adopt.

"RESEARCH AND DEMONSTRATION, EVALUATION, AND TECHNICAL ASSISTANCE ACTIVITIES

"SEC. 553. (a) In conjunction with other activities authorized by this part, the Secretary may—

"(1) provide financial assistance, by contract or otherwise, for pilot or demonstration projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part;

"(2) provide, by contract or other arrangement, on a nationwide basis, for the continuing evaluation of projects assisted under this part, including evaluations that describe and measure, with appropriate means and to the extent feasible, the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, and including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects; and

"(3) provide, directly or through grants or other appropriate arrangements, (A) technical assistance to Follow Through programs in developing, conducting, and administering programs under this part, and (B) training for specialized or other personnel which is needed in connection with Follow Through programs.

"ADVANCE FUNDING

"SEC. 554. For the purpose of affording adequate notice of funding available under this part, appropriations for carrying out this part are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation .

"GENERAL PROVISIONS

"SEC. 555. (a) Recipients of financial assistance under this part shall provide maximum employment opportunities for residents of the area to be served, and to parents of children who are participating in projects assisted under this part.

"(b) Financial assistance under this part shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, nor shall an application for refunding be denied, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken.

"(c) Financial assistance under this part shall not be terminated for failure to comply with applicable terms and conditions unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing."

(b) The Economic Opportunity Act of 1964 is further amended by striking out "Director" each place it appears in section 522 and inserting in lieu thereof "Secretary", by striking out "and the Secretary of Health, Education, and Welfare" in section 522(d), and by striking out "their jurisdictions" in section 522(d) and inserting in lieu thereof "his jurisdiction".

(c) Sections 521 through 523 of the Economic Opportunity Act of 1964 are redesignated as sections 571 through 573, respectively.

ASSISTANCE FOR MIGRANT AND OTHER SEASONALLY EMPLOYED FARMWORKERS AND THEIR FAMILIES

SEC. 4. (a) The Economic Opportunity Act of 1964 is further amended by striking out "Director" each place it appears in sections 312, 313, 314, and 321 and inserting in lieu thereof "Secretary of Labor".

(b) In providing funding under the provisions of part B of title III of the Economic Opportunity Act of 1964, the Secretary of Labor shall, in conjunction with funding provided under section 303 of the Comprehensive Employment and Training Act of 1973, give priority to any public or private nonprofit agency which has provided services thereunder during the preceding fiscal year.

NATIVE AMERICAN PROGRAMS

SEC. 5. The Economic Opportunity Act of 1964 is further amended by inserting after title VII thereof the following new title VIII:

"TITLE VIII—NATIVE AMERICAN PROGRAMS

"SHORT TITLE

"SEC. 801. This title may be cited as the 'Native American Economic Opportunity Programs Act of 1974'.

"STATEMENT OF PURPOSE

"SEC. 802. The purpose of this title is to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives (as defined in paragraph (5) of section 813 of this title), and Alaskan Natives.

"FINANCIAL ASSISTANCE FOR NATIVE AMERICAN PROJECTS

"SEC. 803. (a) The Secretary is authorized to provide financial assistance to public and nonprofit private agencies, including but not limited to, governing bodies of Indian tribes on Federal and State reservations, Alaskan Native villages and regional corporations established by the Alaska Native Claims Settlement Act, and such public and nonprofit private agencies serving Hawaiian Natives, and Indian organizations in urban or rural nonreservation areas, for projects pertaining to the purposes of this title. In determining the projects to be assisted under this title, the Secretary shall consult with other Federal agencies for the purpose of eliminating duplication or conflict among similar activities or projects and for the purpose of determining whether the findings resulting from those projects may be incorporated into one or more programs for which those agencies are responsible.

"(b) Financial assistance extended to an agency under this title shall not exceed 80 per centum of the approved costs of the assisted project, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this title.

"(c) No project shall be approved for assistance under this title unless the Secretary is satisfied that the activities to be carried out under such project will be in addition to, and not in substitution for, comparable activities previously carried out without Federal assistance, except that the Secretary may waive this requirement in any case in which he determines, in accordance with regulations establishing objective criteria, that application of the requirement would result in unnecessary hardship or otherwise be inconsistent with the purpose of this title.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 804. The Secretary may provide, directly or through other arrangements, (1) technical assistance to public and private agencies in developing, conducting, and administering projects under this title, and (2) short-term in-service training for specialized or other personnel which is needed in connection with projects receiving financial assistance under this title.

"RESEARCH AND DEMONSTRATION PROJECTS

"SEC. 805. (a) The Secretary may provide financial assistance for pilot or demonstration projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in furthering the purposes of this title. He may also provide financial assistance for research pertaining to the purposes of this title.

"(b) The Secretary shall establish an overall plan to govern the approval of pilot or demonstration projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives.

"ANNOUNCEMENT OF RESEARCH OR DEMONSTRATION CONTRACTS

"SEC. 806. (a) The Secretary shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the contractor, and proposed cost of any contract with a private or non-Federal public agency for a demonstration or research project; and

"(2) except in cases in which the Secretary determines that it would not be consistent with the purposes of this title, the results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) shall be made within thirty days of entering into such contracts and thereafter within thirty days of the receipt of such results.

"SUBMISSION OF PLANS TO STATE AND LOCAL OFFICIALS

"SEC. 807. (a) No financial assistance may be provided to any project under section 803 of this title or any pilot or demonstration project under section 805 of this title, which is to be carried out on or in an Indian reservation or Alaskan Native village, unless a plan setting forth the project has been submitted to the governing body of that reservation or village and the plan has not been disapproved by the governing body within thirty days of its submission.

"(b) No financial assistance may be pro-

vided to any project under section 803 of this title or any pilot or demonstration project under section 805 of this title, which is to be carried out in a State other than on or in an Indian reservation or Alaskan Native village, or Hawaiian Homestead, unless the Secretary has notified the chief executive officer of the State of his decision to provide that assistance.

"(c) No financial assistance may be provided to any project under section 803 of this title or any pilot or demonstration project under section 805 of this title, which is to be carried out in a city, county, or other major political subdivision of a State, other than on or in an Indian reservation or Alaskan Native village, or Hawaiian Homestead, unless the Secretary has notified the local governing officials of the political subdivision of his decision to provide that assistance.

"RECORDS AND AUDITS

"SEC. 808. (a) Each agency which receives financial assistance under this title shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and disposition by that agency of such financial assistance, the total cost of the project in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and reords of any agency which receives financial assistance under this title that are pertinent to the financial assistance received under this title.

"APPEALS, NOTICE, AND HEARING

"SEC. 809. The Secretary shall prescribe procedures to assure that—

"(1) financial assistance under section 803 of this title will not be suspended for failure to comply with any applicable terms and conditions, except in emergecy situations, nor an application for refunding under such section denied, unless the assisted agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

"(2) financial assistance under section 803 of this title will not be terminated for failure to comply with any applicable terms and conditions unless the assisted agency has been afforded reasonable notice and opportunity for a full and fair hearing.

"EVALUATION

"SEC. 810. (a) The Secretary shall provide for the evaluation of projects assisted under this title, including evaluations that describe and measure, with appropriate means and to the extent feasible, the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, and including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects. The Secretary may, for such purpose, contract or make other arrangements for independent evaluations of projects.

"(b) The Secretary shall, to the extent feasible, develop and publish standards for evaluation of project effectiveness in achieving the objectives of this title. He shall consider the extent to which such standards have been met in deciding whether to renew or supplement financial assistance authorized under this title.

"(c) In carrying out evaluations under this title, the Secretary may require agencies which receive assistance under this title to provide independent evaluations.

"LABOR STANDARDS

"SEC. 811. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting or decorating, of buildings or other facilities in connection with projects assisted under this title, shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950, and section 2 of the Act of June 1, 1934.

"DELEGATION OF AUTHORITY

"SEC. 812. (a) The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this title, as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this title.

"(c) Funds appropriated for the purpose of carrying out this title may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are authorized and appropriated.

"DEFINITIONS

"SEC. 813. As used in this title, the term—

"(1) 'Secretary' means the Secretary of Health, Education, and Welfare;

"(2) 'financial assistance' includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

"(3) 'State' includes the District of Columbia;

"(4) 'Indian reservation or Alaskan Native village' includes the reservation of any federally or State recognized Indian tribe, including any band, nation, pueblo, or rancheria, any former reservation in Oklahoma, any community under the jurisdiction of an Indian tribe, including a band, nation, pueblo, or rancheria, with allotted lands subject to a restriction against alienation imposed by the United States or a State, and any lands imposed by the United States or a State, and any lands of or under the jurisdiction of an Alaskan Native village or group, including any lands selected by Alaskan Natives or Alaskan Native organizations under the Alaska Native Claims Settlement Act; and

"(5) 'Native Hawaiian' means any individual any of whose ancestors were natives of the area which consists of the Hawaiian Islands prior to 1778.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 814 There are authorized to be appropriated for the purpose of carrying out the provisions of this title, such sums as may be necessary for fiscal years 1975 through 1977."

COMMUNITY ACTION PROGRAMS WITH INDIAN TRIBES

SEC. 6. Section 210 of the Economic Opportunity Act of 1964 is amended—

(1) in subsection (a) thereof, by inserting "or an Indian tribal government," before the world "which"; and

(2) by repealing subsection (f) thereof.

RESEARCH AND DEMONSTRATION PROGRAMS

SEC. 7. The Economic Opportunity Act of 1964 is further amended by adding at the end thereof the following new title:

"TITLE XI—RESEARCH AND DEMONSTRATIONS

"STATEMENT OF PURPOSE

"SEC. 1101. The purpose of the title is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient.

"RESEARCH, DEMONSTRATION, AND PILOT PROGRAMS

"SEC. 1102. (a) The Secretary of Health, Education, and Welfare (hereinafter in this title referred to as the 'Secretary') may provide financial assistance through grants or contracts for research demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purpose of this title.

"(b) The Secretary shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Secretary shall consult with other Federal agencies for the purpose of minimizing duplication among similar activites or projects and determining whether the findings resulting from any such projects may be incorporated into one or more programs for which those agencies are responsible.

"(c) No project shall be commenced under this section unless a plan setting forth such proposed project has been submitted to the chief executive officer of the State in which the project is to be located and such plan has not been disapproved by him within thirty days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title.

"(d) In making grants or contracts under this title, the Secretary shall insure that not less than 25 per centum of the funds made available under this title in any fiscal year shall be provided to recipients of financial assistance under section 221 or 235 of this Act.

"CONSULTATION

"SEC. 1103. (a) In carrying out projects under this title, the Secretary shall, whenever possible, arrange to obtain the opinions of program participants about the strengths and weaknesses of programs.

"(b) In carrying out evaluations under this title, the Secretary shall consult with the heads of other Federal agencies carrying out activities related to the subject matter of those evaluations.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECT CONTRACTS

"SEC. 1104. (a) The Secretary shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and

"(2) the results, findings, data, or recommendations made or reported as a result of

such research, demonstration, or pilot project.

"(b) The public announcements required by subsection (a) shall be made within thirty days of entering into any such grant or contract and thereafter within thirty days of the receipt of such results, findings, data, or recommendations.

"(c) The Secretary shall take necessary action to assure that all studies, evaluations, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.

"(d) The Secretary shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such studies.

"NONDISCRIMINATION PROVISIONS

"SEC. 1105. (a) The Secretary shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national original, sex, political affiliation, or beliefs.

"(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Secretary shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any program, project, or activity receiving assistance under this title.

"PROHIBITION OF FEDERAL CONTROL

"SEC. 1106. Nothing contained in this title shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

"DEFINITIONS

"SEC. 1107. As used in this title, the term—

"(1) 'State' means a State, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; and

"(2) 'demonstration or pilot project' means any project, whether or not involving research, which includes the delivery of human services.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1108. There are authorized to be appropriated for carrying out the purposes of this title such sums as may be necessary for fiscal years 1975 through 1977."

"EVALUATION

SEC. 8. Title IX of the Economic Opportunity Act of 1964 is amended to read as follows:

"EVALUATION

"PROGRAM AND PROJECT EVALUATION

"SEC. 901. (a) (1) The Secretary shall, directly or by grants or contracts, measure and evaluate the impact of all programs authorized by this Act and of poverty-related programs authorized by related Acts, in order to determine their effectiveness in achieving stated goals in general, and in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not immediately involved in the administration of the program or project evaluated.

"(2) In carrying out his responsibilities under this subsection, the Secretary, in the case of research, demonstrations, and related activities carried out under title XI of this Act, shall, after taking into consideration the views of State agencies and community action agencies designated pursuant to section 210 of this Act, on an annual basis—

"(A) reassess priorities to which such activities should be directed; and

"(B) review present research, demonstration, and related activities to determine, in terms of the purpose specified for such activities in section 1102(a) of this Act, whether and on what basis such activities should be continued, revised, or terminated.

"(3) The Secretary shall, within 12 months after the date of enactment of this Act, and on each April 1 thereafter, prepare and furnish to the appropriate committees of the Congess a complete report on the determination and review carried out under paragraph (2) of this subsection, together with such recommendations, including any recommendations for additional legislation, as he deems appropriate.

"(b) Effective July 1, 1975, before funds for the programs and projects covered by this Act are released, the Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this Act. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under any section of this Act. Reports submitted pursuant to section 608 of this Act shall describe the actions taken as a result of these evaluations.

"(c) In carrying out evaluations under this title, the Secretary shall, whenever possible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this Act about such programs and projects, and shall consult, when appropriate, with State agencies and community action agencies designated pursuant to section 210, in order to provide for jointly sponsored objective evaluation studies on a State or areawide basis.

"(d) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(e) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this Act shall become the property of the United States.

"OBTAINING INFORMATION FROM FEDERAL AGENCIES

"SEC. 902. Such information and cooperation as the Secretary may deem necessary for purposes of the evaluations conducted under this title shall be made available to him, upon request, by the agencies of the executive branch."

INCENTIVE GRANTS TO MATCH STATE AND LOCAL FUNDS

SEC. 9. The Economic Opportunity Act of 1964 is further amended by inserting after section 234 thereof the following new sections:

"INCENTIVE GRANTS

"SEC. 235. (a) The Director may provide financial assistance to community action agencies or public or private nonprofit agencies designated under section 210 for programs authorized under this title, and to State economic opportunity offices for programs and activities authorized under section 231(a). Financial assistance extended to a community action agency or other agency pursuant to this section may be used for new programs or to supplement existing programs and shall not exceed 50 per centum of the cost of such new or supplemental programs.

"(b) Matching State and local funds made available for the purposes of this section shall be in cash. No program shall be approved for assistance under this section unless the Director is satisfied (1) that the activities to be carried out under such program will be in addition to, and not in substitution for, activities previously carried on without Federal assistance, and (2) that funds or other resources devoted to programs designed to meet the needs of the poor within the community, area, or State will not be diminished in order to provide the contributions required under this section. The requirement imposed by the preceding sentence shall be subject to such regulations as the Director may prescribe establishing objective criteria for determinations covering situations where a strict application of such requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes sought to be achieved.

"LOCAL INITIATIVE FUNDS AVAILABLE FOR INCENTIVE GRANTS

"SEC. 236. Out of any sums appropriated or allocated for local initiative programs under section 221 of this Act for any fiscal year, the Director may transfer and make available for the purpose of carrying out section 235 of this Act an amount not to exceed 50 per centum of any amount so appropriated or allocated which is in excess of $330,000,000 but not in excess of $450,000,000."

ESTABLISHMENT OF COMMUNITY SERVICES ADMINISTRATION

SEC. 10. (a) Section 601 of the Economic Opportunity Act of 1964 is amended to read as follows:

"COMMUNITY SERVICES ADMINISTRATION

"SEC. 601. (a) There shall be established in the Department of Health, Education, and Welfare a Community Services Administration (referred to in this Act as the 'Administration') which shall be headed by a Director (referred to in this Act as the 'Director'). The Administration shall be the principal agency for carrying out this title, title II, and title XI of this Act, and such other functions, including carrying out other provisions of this Act for which the Secretary is responsible, as may be assigned to the Administration by the Secretary. In the performance of his functions, the Director shall be directly responsible to the Secretary of Health, Education, and Welfare, and shall not be subject to the supervision or control of any officer or employee other than the Secretary or Under Secretary. The Secretary shall not approve any delegation of the functions of the Director with respect to carrying out this title, title XI, or section 221 or 235 of this Act to any other officer or employee not directly responsible to the Director.

"(b) The Director, Deputy Director, and Assistant Directors shall be appointed by the

President by and with the advice and consent of the Senate and the Director shall be compensated at a rate not less than that of level IV of the Executive Schedule specified in section 5316 of title V, United States Code."

(b) The Economic Opportunity Act of 1964 is further amended by—

(1) striking out "Office of Economic Opportunity" each time that it appears in section 602(d) and inserting in lieu thereof "Community Services Administration";

(2) striking out "Office of Economic Opportunity" in section 603(c) and inserting in lieu thereof "Community Services Administration";

(3) striking out "in the Office" in section 605(a) and inserting in lieu thereof "in the Community Services Administration";

(4) striking out "Office of Economic Opportunity" in section 632(2) and inserting in lieu thereof "Community Services Administration";

(5) striking out "the Secretary of Commerce, the Secretary of Health, Education, and Welfare," in section 637(b)(2); and

(6) striking out "of the Office of Economic Opportunity" in section 637(b)(2), and inserting in lieu thereof "of the Community Services Administration".

TRANSFER OF FUNCTIONS OF OFFICE OF ECONOMIC OPPORTUNITY

SEC. 11. (a) Paragraphs (1), (2), and (6) of section 222(a) of the Economic Opportunity Act of 1964 are repealed, effective July 1, 1975.

(b) Not later than July 1, 1974, the property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with the functions of the Director of the Office of Economic Opportunity shall be transferred to the Director of the Community Services Administration. All grants, applications for grants, contracts, and other agreements awarded or entered into by the Director of the Office of Economic Opportunity under the authority of the Economic Opportunity Act of 1964 shall continue to be recognized so that there is no disruption of ongoing activities for which there is continuing authority.

(c) Not later than July 1, 1975, all Federal personnel, employed by the Office of Economic Opportunity under the authorization and appropriation for the Economic Opportunity Act of 1964 shall be transferred to, and, to the extent feasible, assigned to related functions and organizational units in the Community Services Administration, without loss of salary, rank, or other benefits, including the right to representation and to existing collective bargaining agreements.

(d) All official actions taken by the Director of the Office of Economic Opportunity, his designee, or any other person under the authority of the Economic Opportunity Act of 1964 which are in force on the effective date of this Act and for which there is continuing authority under the provisions of this Act, shall continue in full force and effect until modified, superseded, or revoked by the Director of the Community Services Administration.

(e) All references to the Office of Economic Opportunity, or to the Director of the Office of Economic Opportunity, in any statute, reorganization plan, executive order, regulation, or other official document or proceeding shall, on and after the effective date of this Act, be deemed to refer to the Community Services Administration, or to the Director thereof, as the case may be.

(f) No suit, action, or other proceeding, and no cause of action, by or against the agency known as the Office of Economic Opportunity, or any action by any officer thereof acting in his official capacity, shall abate by reason of the enactment of this Act.

(g) Section 616 of the Economic Opportunity Act of 1964 is repealed, effective July 1, 1975.

PROGRAM AUTHORITY

SEC. 12. (a) Sections 245, 321, and 615 of the Economic Opportunity Act of 1964, are each amended by striking out "eight succeeding fiscal years" and inserting in lieu thereof "eleven succeeding fiscal years".

(b) Section 523 of such Act (redesignated as section 573 by section 3(c) of this Act) is amended by striking out "seven succeeding fiscal years" and inserting in lieu thereof "ten succeeding fiscal years".

(c) Section 741 of such Act is amended by striking out "three succeeding fiscal years" and inserting in lieu thereof "six succeeding fiscal years".

AUTHORIZATION OF APPROPRIATIONS

SEC. 13. For the purpose of carrying out title II, title III, title V, title VI, title VII, and title IX of the Economic Opportunity Act of 1964, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1975 through 1977.

EFFECTIVE DATE

SEC. 14. Except as otherwise provided, the provisions of this Act shall take effect on the date of enactment of this Act.

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By Mr. JOHNSTON:

S. 3871. A bill to authorize the Administrator of the Federal Energy Administration to conduct a study of the energy needs of the United States and the methods by which such needs can be met, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

NATIONAL ENERGY STUDY ACT OF 1974

Mr. JOHNSTON. Mr. President, with the advent of the energy crisis and the reverberations it has caused throughout our economy, there has been much talk about what the future energy policy of the United States should be. Should we relax clean air standards so we can burn more coal? Should we develop the Outer Continental Shelf off the east coast of the United States? Should we become totally self-sufficient? These are merely examples of the far-reaching questions that have been raised as we address ourselves to the future energy policy of this Nation.

If anything is clear, Mr. President, it is that such questions cannot be considered in isolation from related questions dealing with such matters as national security, trade policy, and overall environmental considerations. Indeed, no logical analysis of our future energy policy can be made except in the context of the interrelationships between energy needs and environmental risks, energy costs and social costs, and energy policy and national security, trade and economic policy. I am, therefore, today introducing the National Energy Study Act of 1974, which provides for an annual interdisciplinary study of the energy needs of the United States and the alternative methods of meeting those needs. Pursuant to the legislation, the Administrator of the Federal Energy Administration is directed to conduct such a study each year and report to the Congress his analysis of those needs and the methods of meeting those needs. Each study would focus both on the short-term situation and the 10-year energy outlook in the United States. And in making such studies the Administrator would consult with other relevant governmental departments and agencies, as well as with other appropriate persons and groups, so that his analysis fully considers our various energy options and their social, economic, and environmental implications.

The latter aspect of the proposed energy study is of particular importance, for the reasons I already have noted. It is thus the intention of this legislation, for instance, that in examining the question of whether energy needs are best met by additional drilling on the Outer Continental Shelf, the Administrator consult not only with the Department of the Interior with respect to the potential energy resources available from such drilling, but also with the Environmental Protection Agency with respect to the environmental risks of such drilling compared with other energy options such as burning additional coal. Similarly, consultation with the Department of State, the Department of Defense, the Department of the Treasury and other departments would be necessary in order to evaluate the risks of utilizing varying amounts of imported energy resources. The key consideration is that all possible options, and the advantages and disadvantages of each, be considered and evaluated so that we are in a position to make the most intelligent and informed energy choices for the Nation.

In sum, the annual FEA study mandated by the National Energy Study Act of 1974 would provide annually a careful and comprehensive interdisciplinary analysis of what our short and longer term energy options are, as well as recommendations for future action. There presently is no statutory requirement of any such study and analysis, and, in my judgment, Mr. President, such a requirement is long overdue. We must begin to plan now to meet our future energy needs, and the legislation I am introducing today will, I believe, provide a sound basis for such planning.

Mr. President, I ask unanimous consent that the full 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. 3871

*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 "National Energy Study Act of 1974".

SEC. 2. The Administrator of the Federal Energy Administration (hereinafter referred to as the "Administrator") is hereby authorized and directed to conduct an annual comprehensive, interdisciplinary study of the energy needs of the United States and the methods by which those needs can be met. The Administrator shall submit to the Congress, not later than January 31 of each year, a full and complete report of the findings made under the prior year's study.

SEC. 3. In carrying out the studies authorized by this Act, the Administrator shall—

(1) identify and collect such information as may be required to carry out the studies authorized by this Act;

(2) consult with and secure information from representatives of industry, the financial community, labor, agriculture, science and technology, environmental groups, academic institutions, consumer and other public interest organizations, and such other groups as the Administrator deems suitable; and

(3) consult with and secure information from the Department of State, the Department of the Treasury, the Department of Defense, the Department of the Interior, the Department of Commerce, the Atomic Energy Commission, the Environmental Protection Agency, the Federal Power Commission, and such other government departments and agencies, Federal, State, and local, and such foreign governments and international organizations, as he deems necessary or appropriate to conduct the studies authorized by this Act.

SEC. 4. Each study authorized by this Act shall include, for each of the next five fiscal years folowing the year in which such study is submitted, and for the tenth fiscal year following the year in which such study is submitted—

(1) an estimate of the energy needs of the United States, including an analysis of the effect of various conservation programs on such energy needs;

(2) an analysis of the alternative methods of meeting such energy needs and of—

(a) the relative capital and other economic costs of each such method;

(b) the relative environmental, national security and balance of trade risks of each such method; and

(c) the other relevant advantages and disadvantages of each such method; and

(3) recommendations for the best method or methods of meeting the energy needs of the United States and for legislation needed to meet those needs.

SEC. 5. The heads of all Federal departments and agencies are authorized and directed to provide the Administrator with any information he requests to assist him in preparing the studies required by this Act.

SEC. 6. (a) The Administrator may procure the temporary or intermittent services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code. Persons so employed shall receive compensation at a rate to be fixed by the Administrator but not in excess of the maximum amount payable under such section. While away from his home or regular place of business and engaged in the performance of services for the Federal Energy Administration in conjunction with the provisions of this Act, any such person may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.

(b) The Administrator is authorized, on a reimbursable basis when appropriate, to use the available services, equipment, personnel, and facilities of any agency or instrumentality of the Federal Government in conjunction with the study authorized in this Act.

SEC. 7. There is authorized to be appropriated, for each of the five fiscal years following enactment of this Act, the sum of $2,000,000 to carry out the purposes of this Act. Any funds so appropriated shall remain available until expended.

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By Mr. EAGLETON:

S. 3872. A bill to inform the public concerning the differences in delivery times between first-class mail and airmail. Referred to the Committee on Post Office and Civil Service.

TRUTH IN MAILING ACT

Mr. EAGLETON. Mr. President, I am introducing the Truth in Mailing Act in an effort to correct a great deception upon the American public by the U.S. Postal Service.

A random telephone survey I conducted in Missouri found that a large percentage of the people believe that paying 3 more cents for an airmail stamp will considerably expedite the delivery of their letters. In Missouri 66,000 airmail letters are mailed every day. Missourians are paying $725,000 a year, 3 cents at a time, for what they believe is faster mail delivery.

The facts show that the people have been misled. According to the Post Office's own delivery rate survey, the average airmail letter from Kansas City to the North Suburban Post Office in Chicago takes 1.1 days longer than the average 10-cent first-class letter. Assistant Postmaster General Edward Dorsey, when being interviewed about poor airmail service, said the last time he used an airmail stamp was in 1943 when he was in the Army.

My own Missouri mail delivery study, designed by a former postal employee whose job was to monitor mail delivery, found that airmail moved no faster than regular first-class mail. The most favorable Postal Service data for airmail delivery shows average airmail delivery over long distances arriving only half a day ahead of regular 10-cent first-class mail.

Years ago airmail letters traveled by airplane and regular first-class mail was transported by the slower surface carriers. Today things have changed. Nearly all letters are transported by airplane.

For a long time airmail letters were guaranteed space on airplane flights. First-class mail letters were transported on a space-available basis. About a year ago that distinction also was eliminated.

In today's parlance, the Postal Service is "ripping off" the American people. Over 2 months ago, when Postmaster General Klassen appeared before the Senate Postal Appropriations Subcommittee, I told him about the "airmail rip-off" and expressed my belief that the public should be told. Nothing has been done by the Postal Service in this regard.

It is bad enough that the Postal Service is refusing to inform the public about the airmail deception which is costing the American people millions of dollars a year. A 1973 study by the investigative arm of the legislative branch—the General Accounting Office—revealed a million dollar advertising program to increase the use of airmail.

Mr. President, the Truth in Mailing Act will require the U.S. Postal Service to do what it should have been doing all along. It must simply keep the public informed of the average delivery times of the 13-cent airmail and regular 10-cent first-class mail so that the American people can prudently spend their postal money.

Mr. President, I ask unanimous consent that the text of the legislation I am introducing today be printed in the RECORD.

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

S. 3872

*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 "Truth in Mailing Act".

SEC. 2. (a) Chapter 4 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 413. Disclosure of average delivery times

"As long as there exist two classes of mail of the kinds referred to in former chapter 59 of this title, relating to first class mail, and former chapter 61 (other than air parcel post) of this title, relating to air mail, the Postal Service shall determine the average periods of time required for delivery among major metropolitan areas of the United States of mail of such classes, and undertake measures necessary to keep the public informed of such average delivery times and the differences, if any, in delivery times of mail of those classes among such areas."

(b) The analysis of such chapter 4 is amended by inserting immediately below item 412 the following:

"413. Disclosure of average delivery times."

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By Mr. BENTSEN:

S. 3873. A bill for the relief of the city of Aransas Pass, Tex., and the Urban Renewal Agency of the City of Aransas Pass, Tex. Referred to the Committee on Banking, Housing and Urban Affairs.

CITY OF ARANSAS PASS, TEX., AND THE URBAN RENEWAL DIVISION OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. BENTSEN. Mr. President, a dark cloud of indebtedness hangs over the city of Aransas Pass, Tex., as a result of complications with an urban renewal project.

In late 1965, survey and planning were implemented by the Department of Housing and Urban Development for the Golden Palms project, Texas. The project was set up as a self-liquidating urban renewal effort and there was great optimism over the project's possibilities.

To fulfill the local responsibilities of the project, the Aransas Pass Urban Renewal Agency immediately began to purchase the necessary property and to identify and deal with the associated problems. The first problem, which proved to be a serious, expensive, and continuing one, involved property title defects. Property title interest was vested in individuals residing all over the world, and the legal situation required the serving of citations on heirs and relatives of former owners worldwide. The magnitude of this problem is graphically reflected in the fact that of 400 parcels of land acquired, 240 had to be obtained by condemnation proceedings. This aspect of the matter proved time consuming and had a strong negative effect upon the initial profit projects of HUD experts. At that juncture HUD and the Urban Renewal Agency determined mutually to reanalyze the economics of the project for timely guidance on a future course of

action, both for the Government and local interests.

No sooner had this step been taken and completed than hurricane Celia struck with devastating force causing massive destruction to Aransas Pass. Thus, through no fault of the city but as a direct result of an act of God, the project envisioned in the Golden Palms project was doomed.

Thus, HUD, the city, and the Urban Renewal Agency reached an unavoidable conclusion that the myriad of difficulties arising out of the hurricane and the other matters set out herein left no alternative to the declaration of the project as both economically and physically infeasible.

At the city's urgent request late in 1970, Congressman JOHN YOUNG and I agreed to extend every possible effort in alleviating their encumbrances arising out of this project. In going into the matter in conversations with HUD officials at all levels, we found a sympathetic understanding of the problem and a desire to relieve the city of their debt obligation, but HUD officials regretfully advised that no authority existed in law to permit forgiveness.

Pursuing a parallel course with HUD officials to resolve the problem, the city, at this same point in time, entered into negotiations at length with HUD which culminated recently in a contract converting the project from a self-liquidating, nonassisted project, to a conventional project. While this contract conversion did assist them a great deal, it still left the city with a debt obligation of approximately $166,735 plus interest, none of which the city is able to meet because of this very disastrous situation, beyond their control, and the staggering obligations of every nature imaginable resulting from the hurricane, which continue to confront them. This agreement was necessary to bring the matter into focus with regard to the city's specific indebtedness, and I am asking that the Congress approve the measure I introduce today which would relieve the city of Aransas Pass, Tex., of this obligation. All assets are being liquidated in accordance with HUD direction, and all proceeds will inure to the benefit of the Government as per the conversion agreement.

Mr. President, I would hope that my colleagues would join with me in this effort, and give this measure expeditious approval. I am pleased that HUD and the Office of Management and Budget have given their approval to this effort, and I ask unanimous consent that a letter explaining HUD's position be printed at this point in the RECORD.

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

THE GENERAL COUNSEL OF
HOUSING AND URBAN DEVELOPMENT,
*Washington, D.C., July 11, 1974.*

HON. PETER W. RODINO, JR.,
*Chairman, Committee on the Judiciary, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Subject: H.R. 9588, 93d Congress (YOUNG of Texas)

This is in further response to your request for the views of this Department on H.R. 9588, a bill "For the relief of the city of Aransas Pass, Texas, and the Urban Renewal Agency of the city of Aransas Pass, Texas."

H.R. 9588 would, in effect, release the City of Aransas Pass and its Urban Renewal Agency from a contractual obligation to repay a $166,735 loan made by the Department to the City and the agency. The loan was necessary to facilitate an early closeout of the City's urban renewal project numbered Tex. R-92 which had been rendered infeasible by a 1970 hurricane, and was made for the specific purpose of enabling the City to repay its local share of the net project costs.

The City of Aransas Pass is a small city with a predominantly low to moderate income population of under 10,000. It is our understanding that the 1970 hurricane destroyed most of the City and eliminated most of its tax base. It has since been faced with the considerable financial burden of rebuilding its community facilities, including repairing its seawall to prevent future flooding. In order to repay the HUD loan, the City would have to raise taxes and defer expenditures for vital municipal improvements.

In view of the hardship that repayment would undoubtedly cause the City and the unique nature of the situation, this Department would have no objection to enactment of H.R. 9588.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

ROBERT R. ELLIOTT.

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By Mr. GRAVEL:

S. 3875. A bill entitled "Energy Revenue and Development Act of 1974." Referred to the Committee on Finance.

ENERGY SELF-SUFFICIENCY

Mr. GRAVEL. Mr. President, the Congress has spent many months debating our energy problems. Yet the energy crisis, which just a few months ago was our most pressing problem, has receded in the Nation's consciousness. The problem, however, is real and still with us. We cannot afford to be complacent. This summer we face brownouts of electricity, a possibility of gasoline shortages, and a continuing scarcity of propane, a vital fuel in rural America. At present it is not posible to project whether we will have enough residual and middle distillate petroleum supplies to make it through the winter. Domestic production is still virtually at the same level as last year, approximately 11.2 million barrels per day. Although there is an encouraging conservation effort, we are still relying on imports to the extent of 6 million barrels per day.

To meet the continuing energy challenge, the Congress must give some direction to a comprehensive program to develop our domestic energy supplies. For this purpose, I am introducing legislation to launch a national, long-term program to attain energy self-sufficiency.

The Energy Revenue and Development Act would create an energy trust fund to finance a national energy program to provide loan guarantees for prototype plants, and to implement new energy technology including solar, geothermal, coal gasification and liquefaction, hydrogen, and fuel cells. A similar national research and development program coupled with loan guarantees was passed overwhlemingly in the Senate in December as S. 1283. However, that bill did not contain financing provisions. My bill would fund our national energy program with revenues from within the energy industry, from Outer Continental Shelf bonus and royalty moneys. A portion of the trust fund would provide revenue sharing with coastal States which permit offshore drilling or new refinery capacity.

We have long discussed the need for equitable tax reform to foreign source income and the depletion allowance. My bill contains several tax reforms including the repeal of the foreign depletion allowance as well as a significant alteration in the domestic depletion allowance designed to halt its abuse without destroying its value.

Finally, the bill would deregulate natural gas newly committed to interstate sale while protecting the consumer through a sanctity-of-contract clause and the distributor's right of first refusal.

This legislation is the product of weeks of hearings before the Finance Committee, hundreds of pages of testimony, and consultations with many representatives of the administration and private sector. This legislation merits prompt action by the Congress. I have a detailed summary of the bill, as well as an explanatory letter to Secretary William Simon. Because most of the provisions relate to tax revenue policy, I ask unanimous consent that the bill be referred to the Finance Committee.

The PRESIDING OFFICER. Without objection, the bill will be referred as requested.

Mr. GRAVEL. Mr. President, I also ask unanimous consent that the bill, a summary, and the letter to Secretary Simon be printed at this point in the RECORD.

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

S. 3875

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Energy Revenue and Development Act of 1974".

TITLE I—ENERGY TRUST FUND; OUTER CONTINENAL SHELF REVENUES ENERGY TRUST FUND

SEC. 101. (a) ESTABLISHMENT OF TRUST FUND.—There is hereby established in the Treasury of the United States a trust fund to be known as the Energy Trust Fund (hereinafter in this section referred to as the "trust fund"). The trust fund shall consist of such amounts as may be appropriated or credited to it as provided in this section.

(b) TRANSFER OF AMOUNTS TO TRUST FUND.—

(1) In general.—There are hereby appropriated to the trust fund amounts equivalent to the taxes received in the Treasury under section 107 of this Act.

(2) Method of transfer.—The amounts appropriated by paragraph (1) shall be transferred at least monthly from the general

fund of the Treasury to the trust fund on the basis of estimates by the Secretary of the Treasury of the amounts referred to in paragraph (1) received in the Treasury Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) APPROPRIATION OF ADDITIONAL SUMS.—There are hereby authorized to be appropriated to the trust fund such additional sums as may be required to make expenditures referred to in subsection (e)(1) of this section.

(d) MANAGEMENT OF THE TRUST FUND.—

(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to manage the trust fund and (after consultation with the Administrator of the Federal Energy Administration) to report to the Congress not later than the 1st day of March of each year on the financial condition and the results of the operations of the trust fund during the preceding fiscal year and on its expected condition and operations during each fiscal year thereafter. Such report shall include the recommendation of the Administrator of the Federal Energy Administration as to the amount of revenues needed by the trust fund during the following fiscal year to meet expenditures from the trust fund during such fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(2) INVESTMENT.—It shall be the duty of the Secretary of the Treasury to invest such portion of the trust fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (A) on original issue at the issue price, or (B) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, is hereby extended to authorize the issuance at par of special obligations exclusively to the trust fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(3) SALE OF OBLIGATIONS.—Any obligation acquired by the trust fund (except special obligations issued exclusively to the trust fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at part plus accrued interest.

(4) INTEREST AND CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the trust fund shall be credited to and form a part of the trust fund.

(e) EXPENDITURES FROM THE TRUST FUND.—

(1) ENERGY PROGRAMS.—Amounts in the trust fund shall be available, as provided by Appropriation Acts for making expenditures to carry out the provisions of sections 102, 103, 104, 105, 106, 107, and 108 of this Act.

NATIONAL ENERGY PROGRAM

SEC. 102. (a) The Federal Energy Administration (hereinafter the "Administration"), in order to carry out the purposes of this Act, shall develop, direct, and carry out a national energy program involving energy research, demonstration, development, utilization, and conservation in order to meet the present and future energy needs of the United States.

(b) In carrying out its functions the Administration shall—

(1) develop the technology and information base necessary to support development of the widest possible range of options available for future energy policy decisions of the United States by pursuing research, demonstration, and development programs in a wide variety of energy technologies with a view to progressively reducing the dependency of the United States on foreign sources of energy;

(2) provide for the assessment, overview, and direction of the energy research and development activities of the Federal Government with a view to assuring adequate, reliable, economical, and environmentally acceptable energy systems to support the essential needs, present and future, of the United States;

(3) encourage the conservation of limited energy resources and maximize the efficiency of energy development, production, conversion, and use;

(4) provide the most effective short-term solutions to immediate energy shortage problems which are having serious impacts upon the Nation; and

(5) formulate and carry out a comprehensive energy research, development, and demonstration program which (A) will advance the policies and purposes of this Act, (B) is designed to make available to American consumers domestic fossil fuels, nuclear fuels, geothermal energy, and the potentially unlimited reserves of solar power, tidal power, and other unconventional sources of energy, and (C) will insure that full consideration and adequate support is given to—

(i) improving the efficiency, conservation, and environmental effects of the conventional sources of energy, including discovery, production, conversion, transportation, and use, and the disposal of waste products;

(ii) advancing energy research, development, and demonstration of unconventional energy sources and technologies, including, but not limited to, solar energy, geothermal energy, magnetohydrodynamics, nuclear fusion and fission processes, fuel cells, low head hydroelectric power, use of agricultural products for energy, tidal power, ocean current and thermal gradient power, wind power, automated mining methods and in situ conversion of fuels, cryogenic transmission of electric power, electrical energy storage methods, alternatives to internal combustion engines, solvent refined coal, utilization of waste products for fuels, and direct conversion methods; and

(iii) improving management techniques and the effectiveness of management of existing energy systems through quality control; application of systems analysis, communications, and computer techniques; and public informaton to improve the reliability and efficiency of energy supplies and encourage the conservation of energy resources.

AUTHORITY OF ADMINISTRATION

SEC. 103. (a) In the performance of its functions the Administration is authorized—

(1) without regard to section 3648 of the Revised Statutes (31 U.S.C. 529), to enter into—and perform such contracts, leases, cooperative agreements, or other transactions, and to make such grants, all in consultation with the Commission on Energy Technology Assessment established pursuant to section 108 of this Act, as may be necessary in the conduct of its work and on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, territory, or possession of the United States, or with any political subdivision thereof, or with any person, firm, association, corporation, or educational institution. To the maximum extent practicable and consistent with the accomplishment of the purposes of this Act, such contracts, leases, agreements, and other transactions shall be allocated by the Administrator in a manner which will enable small-business concerns to participate equitably and proportionately in the conduct of the work of the Administration;

(2) to enter into a contract or other agreement with any person, firm, association, corporation, or other entity, pursuant to which contract or agreement (A) such person, firm, association, corporation, or entity shall be authorized to design, construct, operate, and maintain a demonstration-type, or full-scale, commercial-size facility to produce energy from oil shale, coal gasification, solar power, tidal power, or other unconventional sources of energy and (B) the Administration would be authorized to financially assist in the designing and construction of any such facility by means of a loan guarantee in accordance with the provisions of section 104 of this Act;

(3) to enter into a contract or other agreement with any person, firm, association, corporation, or other legal entity engaged in the prospecting, exploration, development, or production of oil or natural gas in accordance with the mining or mineral leasing laws of the United States, pursuant to which the Administration shall financially assist such person, firm, association, corporation, or entity in carrying out such prospecting, exploration, development, or production by means of a loan guarantee in accordance with the provisions of section 104 of this Act;

(4) to use, with their consent, the services, equipment, personnel, and facilities of Federal and other agencies with or without reimbursement, and on a similar basis to cooperate with other public and private agencies, institutions, and instrumentalities in the use of services, equipment, and facilities. Each department and agency of the Federal Government shall cooperate fully with the Administration in making its services, equipment, personnel, and facilities available to the Administration;

(5) to appoint, in accordance with the applicable provisions of the Federal Advisory Committee Act, such advisory committees as may be appropriate for purposes of consultation and advice to the Administration in the performance of its functions;

(6) to establish within the Administration such offices and procedures as may be appropriate to provide for the greatest possible coordination of its activities under this Act with related scientific and other activities being carried on by other public and private agencies, institutions, and instrumentalities;

(7) to obtain services of experts and consultants in accordance with section 3109 of title 5, United States Code;

(8)(A) to consider, ascertain, adjust, determine, settle, and pay, on behalf of the United States, in full satisfaction thereof, any claim for $5,000 or less against the United States for bodily injury, death, or damage to or loss of real or personal property resulting from the conduct of the Administration's functions as specified in this Act, where such claim is presented to the Administration in writing within two years after the accident or incident out of which the claim arises; and

(B) if the Administration considers that a claim in excess of $5,000 is meritorious and would otherwise be covered by this paragraph, to report the facts and circumstances thereof to the Congress for its consideration; and

(9) to reimburse, to the extent determined by the Administrator or his designee to be fair and reasonable, the owners and tenants of land and interests in land hereafter acquired by the United States for use by the Administration by purchase, condemnation, or otherwise for expenses and losses and damages incurred by such owners and tenants as a direct result of moving themselves, their families, and their possessions because of such acquisition. Such reimbursement shall be in addition to, but not in duplication of, any payments that may otherwise be authorized by law to be made to such owners and tenants. The total of any such reimbursement to any owner or tenant shall in no event exceed 25 per centum of the fair value, as determined by the Administrator, of the parcel of land or interest in land to which the reimbursement is related. No payment under this paragraph shall be made unless application therefor, supported by an itemized statement of the expenses, losses, and damages incurred, is submitted to the Administrator within one year from (A) the date upon which the parcel of land or interest in land is to be vacated under agreement with the Government by the owner of tenant or pursuant to law, including but not limited to, an order of a court, or (B) the date upon which the parcel of land or interest in the land involved is vacated, whichever first occurs. The Administrator may perform any and all acts and make such rules and regulations as he deems necessary and proper for the purpose of carrying out this paragraph. Funds available to the Administration for the acquisition of real property or interests therein shall also be available for carrying out this paragraph.

LOAN GUARANTEES

SEC. 104. (a) In order to financially assist any person, firm, association, corporation, or other legal entity in carrying out any contract entered into pursuant to paragraph (6) or (3) of section 103(a) of this Act, the Administration may, in accordance with the provisions of this section, guarantee to non-Federal lenders making loans to any such person, firm, association, corporation, or entity, payment of principal of and interest on loans, made by such lenders, which are approved under this section.

(b) No loan guarantee under this section for any such purpose referred to in subsection (a) of this section may apply to so much of the principal amount thereof as exceeds 90 per centum of the cost of carrying out any such purpose.

(c) For each project for which a guarantee of a loan is sought pursuant to this section, there shall be submitted to the Administration an application by any such person, firm, association, corporation, or entity seeking such guarantee. Such application shall contain such information as the Administration may require to carry out the purposes of this section.

(d) The Administration may approve such applications only if—

(1) it is assured that the applicant will keep such records, and afford such access thereto, and make such reports, in such form and containing such information, as the Administration may reasonably require; and

(2) it determines, in the case of a loan for which a guarantee is sought, that the terms, conditions, maturity, security (if any), and schedule and amount of repayments with respect to the loans are sufficient to protect the financial interests of the United States and are otherwise reasonable and in accord with regulations including a determination that the rate of interest does not exceed such per centum per annum on the principal obligation outstanding as the Administration determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States.

(e)(1) In the case of any such loan guaranteed under this section, the United States shall be entitled to recover from the applicant the amount of any payments made pursuant to any such guarantee under this section, unless the Administration for good cause waives its right of recovery, and, upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payments with respect to which the guarantee was made.

(2) Guarantees of loans under this section shall be subject to such further terms and conditions as the Administration determines to be necessary to assure that the purposes of this section will be achieved, and, to the extent permitted by subsection (f), any of such terms and conditions may be modified by the Administration to the extent it determines such modification to be consistent with the financial interest of the United States.

(f) Any guarantee of a loan pursuant to this section shall be incontestable in the hands of an applicant on whose behalf such guarantee is made, and as to any person who makes or contracts to make a loan to such applicant in reliance thereon, except for fraud or misrepresentation on the part of such applicant or such other person.

(g) The cumulative total of the principal of the loans outstanding at any time with respect to which guarantees have been issued under this section may not exceed such limitations as may be specified in appropriations Acts.

(h) With respect to any contract or other agreement entered into pursuant to section 103(a)(2) involving the designing, construction, operation, and maintenance of commercial or demonstration type facilities to produce energy from oil shale, coal gasification, solar power, tidal power, or other unconventional sources of energy, the Administration is authorized to include as a part of such contract or agreement provisions pursuant to which the Administration agrees to purchase any such energy so produced on a cost and reasonable profit basis. Energy so acquired by the Administration shall be disposed of in such manner and under such terms and conditions as the Administration shall prescribe. Revenues received by the Administration arising out of the disposition of such energy shall be deposited in the trust fund established by title II of this Act and shall be available for use by the Administration in the same manner and to the same extent as other moneys within such trust fund. Notwithstanding any other provision of law, no energy product produced or manufactured by any such facility with respect to which a loan guarantee was entered into pursuant to this section shall be exported from the United States for use in any other country.

MONETARY AWARDS

SEC. 105. (a) Subject to the provisions of this section, the Administrator is authorized, upon his own initiative or upon the application of any individual, partnership, corporation, association, institution, or other entity, to make a monetary award, in such amount and upon such terms as he shall determine to be warranted, to any such individual, partnership, corporation, association, institution, or other entity, for any scientific or technical contribution to the Administration which is determined by the Administrator to have significant value in the conduct of energy activities. In determining the terms and conditions of any award the Administrator shall take into account—

(1) the value of the contribution to the United States;

(2) the aggregate amount of any sums which have been expended by the applicant for the development of such contribution;

(3) the amount of any compensation (other than salary received for services rendered as an officer or employee of the Government) previously received by the applicant for or on account of the use of such contribution by the United States; and

(4) such other factors as the Administrator shall determine to be material.

(b) If more than one applicant under subsection (a) of this section claims an interest in the same contribution, the Administrator shall ascertain and determine the respective interests of such applicants, and shall apportion any award to be made with respect to such contribution among such applicants in such proportions as he shall determine to be equitable. No award may be made under subsection (a) of this section with respect to any contribution—

(1) unless the applicant surrenders, by such means as the Administrator shall determine to be effective, all claims which such applicant may have to receive any compensation (other than the award made under this section) for the use of such contribution or any element thereof at any time by or on behalf of the United States, or by or on behalf of any foreign government pursuant to any treaty or agreement with the United States, within the United States or at any other place; or

(2) in any amount exceeding $100,000, unless the Administrator has transmitted to the appropriate committees of the Congress a full and complete report concerning the amount and terms of, and the basis for, such proposed award, and thirty calendar days of regular session of the Congress have expired after receipt of such report by such committees.

AUTHORIZATION

SEC. 106. (a) There are authorized to be appropriated out of the Energy Trust Fund (established by title I of this Act) such sums as may be necessary to carry out this Act. Sums appropriated pursuant to this section shall remain available until expended.

OUTER CONTINENTAL SHELF REVENUES

SEC. 107. (a) Section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) is amended to read as follows:

"Sec. 9. Disposition of Revenues.—(a) All rentals, royalties, or other sums paid to the Secretary or the Secretary of the Navy under or in connection with any lease on the Outer Continental Shelf for the period beginning June 5, 1950, and ending with the day preceding the date of the enactment of the Energy Revenue and Development Act of 1974 shall be deposited in the Treasury of the United States and credited to the miscellaneous receipts.

"(b) All rentals, royalties, or other sums paid to the Secretary or the Secretary of the Navy under or in connection with any lease on the Outer Continental Shelf for the period beginning with the date of the enactment of the Energy Revenue and Development Act of 1974 shall be deposited in the Treasury of the United States; and of the amount of the revenues so deposited in each fiscal year which are attributable to that portion of the Outer Continental Shelf adjacent to any State or that portion of the Outer Continental Shelf to which a State

* * * * *

"(1) 60 per centum shall be paid by the Secretary of the Treasury to such adjacent State, to be added to its general funds and to be used for what it deems to be in its best interests, except that for the purposes of

this clause (A) if the revenues attributable to a State in any fiscal year amount to $100,000,000 or more in royalties, then rentals, bonuses, or revenues other than royalties shall not be included, or (B) if the revenues attributable to a State in any fiscal year amount to less than $100,000,000 in royalties, such revenues other than royalties shall be included in such amount as does not exceed $100,000,000 in total revenues attributable to such State; and

"(2) the percentage set out in clause (1) above shall apply to the first $50,000,000 in revenues attributable to any one State in a single year. In the event that such revenues exceed $50,000,000, the share of the excess payable to that State under such clause shall be reduced in accordance with the following table:

| "Amounts: | *Percentages* |
|---|---|
| From $50,000,000 to $75,000,000 | 45 |
| From $75,000,000 to $100,000,000 | 30 |
| From $100,000,000 to $125,000,000 | 15 |
| On excess over $125,000,000 | 10 |

"(c) The total of all rentals, royalties, and other sums deposited in the Treasury in any fiscal year pursuant to subsection (b) which is in excess of (1) amounts paid by the Secretary for such year pursuant to clauses (1) and (2) of such subsection, and (2) the amount credited to the Land and Water Conservation Fund for such year pursuant to section 2 (c) (2) of the Land and Water Conservation Fund Act of 1965, shall be deposited in the Energy Trust Fund.

"(d) Any moneys paid to the Secretary or the Secretary of the Navy under or in connection with a lease but held in escrow pending the determination of a controversy as to whether the lands on account of which such moneys are paid constitute part of the Outer Continental Shelf shall, to the extent that such lands are ultimately determined to constitute said part of the Outer Continental Shelf, be distributed—

"(1) in accordance with subsection (a) if paid before the date of the enactment of the Energy Revenue and Development Act of 1974, and

"(2) in accordance with subsections (b) and (c) if paid on or after the date of the enactment of the Energy Revenue and Development Act of 1974.".

(b) (1) Nothing contained in this section or in the amendments made by this section shall be construed to alter, limit, or modify in any manner any right, claim, or interest of any State in any funds received before the date of the enactment of this Act and held in escrow pending the determination of any controversy as to whether the submerged lands on account of which such funds are received constitute a part of the Outer Continental Shelf.

(2) Nothing contained in this section or in the amendments made by this section shall be construed to alter, limit, or modify any claim of any State to any right, title, or interest in, or jurisdiction over, any submerged lands.

(c) The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is further amended by adding at the end the following new section:

"SEC. 18. Refinery Siting.—In any case where oil is being produced from an area of the Outer Continental Shelf and where the construction of an oil refinery is initiated after the date of enactment of the Energy Revenue and Development Act of 1974 in the State which is adjacent to such area the Secretary of the Treasury is authorized to pay upon completion of such refinery, out of the Energy Trust Fund, to the local government of such State which has jurisdiction over the area in which such refinery is located an amount equal to one dollar multiplied by the daily capacity of such refinery measured in barrels. In the event more than one local government has jurisdiction over such area the Secretary is authorized to divide such amount between such governments on the basis of the amount of services provided such area by each such government. The Secretary shall consult with the Administrator of the Federal Energy Administration in determining refinery capacity and completion dates for the purpose of this section."

ESTABLISHMENT OF COMMISSION

SEC. 108. (a) There is hereby established the Commission on Energy Technology Assessment (hereinafter referred to in this section as the "Commission"), which shall be independent of the executive departments.

(b) The Commission shall consist of an Energy Technology Assessment Board (hereinafter referred to in this section as the "Board") which shall formulate and promulgate the policies of the Commission, and a Commissioner who shall carry out such policies and administer the operations of the Commission. The Commissioner shall be appointed by the President of the United States, with the advice and consent of the Senate.

(c) The Board shall consist of twenty-two members as follows:

(1) seven members appointed by the President of the United States, with the advice and consent of the Senate, who shall be persons eminent in one or more fields of the physical, biological, or social sciences;

(2) seven members appointed by the President of the United States, with the advice and consent of the Senate, who shall be persons eminent in the field of engineering or in fields referred to in section 102(b)(5)(C)(ii) of this Act;

(3) seven members appointed by the President of the United States, with the advice and consent of the Senate, who shall be persons eminent in the field of economics; and

(4) the Commissioner, who shall not be a voting member.

(d) Members of the Board, including the Commissioner, shall receive basic pay at the rate provided for level II of the Executive Schedule under section 5314 of title 5, United States Code.

(e) The Commissioner shall be appointed for a term of ten years. Members of the Board shall be appointed for terms of ten years, except that, of the members first appointed (other than the Commissioner), seven shall be appointed for terms of four years, seven for terms of seven years, and seven for terms of ten years. Vacancies in the membership of the Board shall not affect the power of the remaining members to execute the functions of the Board and shall be filled in the same manner as in the case of the original appointment.

(f) The Commissioner shall serve as Chairman of the Board. The Deputy Commissioner shall act in the place and stead of the Chairman in the absence of the Chairman.

(g) (1) The basic functions of the Commission shall be—

(A) to advise, consult with, and make recommendations to, the Administration;

(B) to provide early indications of the probable beneficial and adverse impacts of the applications of technology related to energy;

(C) to analyze the quality of research, development, and demonstration contracted for by the Administration in carrying out the purposes of this Act, and the Commission is authorized to enter into contracts with individuals, private agencies and entities, educational institutions, and other nongovernmental sources in making such analysis;

(D) to establish standards and goals for research, development, and demonstration on a priority basis in accordance with the present and future energy needs of the United States;

(E) to engage in studies to evaluate the relative benefits and costs of alternative forms of energy; and

(F) to construct and maintain economic models of the energy needs of the United States economy and the alternative means and costs of satisfying such needs currently and during the subsequent five years.

(2) In carrying out such functions, the Commission shall—

(A) identify existing or probable impacts of technology or technological programs relating to energy;

(B) where possible, ascertain cause-and-effect relationships;

(C) identify alternative technological methods of implementing specific programs relating to energy;

(D) identify alternative programs for achieving requisite goals;

(E) make estimates and comparisons of the impacts of alternative methods and programs relating to energy;

(F) estimate the economic costs of alternative energy sources and programs when technological development has been completed;

(G) identify the availability of various forms of energy from domestic and foreign sources and their prospects as reliable continuous sources of supply in the future;

(H) present findings of completed analyses to the Administration, to the appropriate committees of the Congress, and to the public;

(I) identify areas where additional research or data collection is required to provide adequate support for the assessments and estimates described in subparagraphs (A) through (H) of this paragraph;

(J) from time to time, take such action as may be necessary to keep the public fully informed as to its findings and recommendations in connection with the carrying out of such functions; and

(K) undertake such additional associated activities as the Commission may determine necessary, or that the Administration may request.

(h) The Board is authorized to sit and act at such places and times as it may determine, and upon a vote of a majority of its members, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take such testimony, to procure such printing and binding, and to make such expenditures, as it deems advisable. The Board may make such expenditures, as it deems advisable. The Board may make such rules respecting its organization and procedures as it deems necessary, except that no recommendation shall be reported from the Board unless a majority of the Board assent. Subpenas may be issued over the signature of the Chairman of the Board or of any voting member designated by him or by the Board, and may be served by such person or persons as may be designated by such person or persons as may be designated by such Chairman or member. The Chairman of the Board or any voting member thereof may administer oaths or affirmations to witnesses.

(i) In addition to the powers and duties vested in him by this section, the Commissioner shall exercise such powers and duties as may be delegated to him by the Board.

(j) The Commissioner may appoint, with the approval of the Board, a Deputy Commissioner who shall perform such functions as the Commissioner may prescribe and who shall be Acting Commissioner during the absence or incapacity of the Commissioner or in the event of a vacancy in the office of Commissioner. The Deputy Commissioner shall receive basic pay at the rate provided

for level IV of the Executive Schedule under section 5315 of title 5.

(k) The Commission shall have the authority, within the limits of available appropriations, to do all things necessary to carry out the provisions of this section, including, but without being limited to, the authority to—

(1) make full use of competent personnel and organizations outside the Commission, public or private, and form special ad hoc task forces or make other arrangements when appropriate;

(2) enter into contracts or other arrangements as may be necessary for the conduct of the work of the Commission with any agency or instrumentality of the United States, with any State, territory, or possession or any political subdivision thereof, or with any person, firm, association, corporation, or educational institution, with or without reimbursement, without performance or other bonds, and without regard to section 5 of title 41;

(3) make advance, progress, and other payments which relate to technology assessment in the energy field without regard to the provisions of section 529 of title 31;

(4) accept and utilize the services of voluntary and uncompensated personnel necessary for the conduct of the work of the Commission and provide transportation and subsistence as authorized by section 5703 of title 5 for persons serving without compensation;

(5) acquire by purchase, lease, loan, or gift, and hold and dispose of by sale, lease, or loan, real and personal property of all kinds necessary for or resulting from the exercise of authority granted by this section; and

(6) prescribe such rules and regulations as it deems necessary governing the operation and organization of the Commission.

(l) Contractors and other parties entering into contracts and other arrangements under this section which involve costs to the Government shall maintain such books and related records as will facilitate an effective audit in such detail and in such manner as shall be prescribed by the Office, and such books and records (and related documents and papers) shall be available to the Office and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination.

(m) The Commission, in carrying out the provisions of this chapter, shall not, itself, operate any laboratories, pilot plants, or test facilities.

(n) The Commission is authorized to secure directly from any executive department or agency information, suggestions, estimates, statistics, and technical assistance for the purpose of carrying out its functions under this section. Each such executive department or agency shall furnish the information, suggestions, estimates, statistics, and technical assistance directly to the Commission upon its request.

(o) On request of the Commission, the head of any executive department or agency may detail, with or without reimbursement, any of its personnel to assist the Commission in carrying out its functions under this section.

(p) The Commissioner shall, in accordance with such policies as the Board shall prescribe, appoint and fix the compensation of such personnel as may be necessary to carry out the provisions of this section, and obtain services of experts and consultants in accordance with section 3109 of title 5, United States Code.

(q) The Commission shall submit to the Congress an annual report setting forth actions taken by it during the calendar year preceding such report in carrying out its functions under this section, including its expenses with respect thereto. Such report shall be submitted not later than March 15 of each year and shall be available to the public.

(r) For the fiscal year ending June 30, 1975, there is authorized to be appropriated such sum, not to exceed $ , as may be necessary to enable the Commission to carry out its functions under this section. To enable the Commission to carry out its functions each fiscal year thereafter, there is authorized to be appropriated out of moneys in the trust fund established pursuant to title I of the Act an amount equal to 1 per centum of moneys received by such fund during the preceding fiscal year.

## TITLE II—CHANGES IN INCOME TAX DEDUCTION ALLOWED FOR PERCENTAGE DEPLETION OF OIL AND GAS WELLS

SEC. 201. (a) Section 613 of the Internal Revenue Code of 1954 (relating to percentage depletion) is amended by adding at the end thereof the following new subsection:

"(e) Limitations.—

"(1) Denial of percentage depletion for foreign oil and gas wells.—Subsection (a) does not apply to any oil or gas well located outside the United States.

"(2) Limitation of percentage depletion deduction for domestic oil and gas wells.—In the case of a taxpayer who claims a foreign 263(c) deduction for any taxable year, the amount of the oil and gas percentage depletion deduction for that year shall not exceed an amount which bears the same ratio to the amount of the oil and gas percentage depletion deduction allowable without regard to this paragraph as the amount of the domestic 263(c) deduction claimed by the taxpayer for the taxable year bears to the sum of the foreign 263(c) deduction and the domestic 263(c) deduction claimed by the taxpayer for that year. In the case of a taxpayer who claims a foreign 263(c) deduction for a taxable year and who does not claim a domestic 263(c) deduction for that taxable year, the amount of the oil and gas percentage depletion deduction allowable for that taxable year is zero.

"(3) Definitions.—For purposes of this subsection—

"(A) United States.—The term 'United States' means the several States of the United States, the Commonwealth of Puerto Rico, any possession of the United States, and the Outer Continental Shelf (as defined by section 2 of the Outer Continental Shelf Lands Act).

"(B) Foreign 263(c) deduction.—The term 'foreign 263(c) deduction' means the amount deductible as expenses under regulations prescribed by the Secretary or his delegate under section 263(c) with respect to oil or gas wells located outside of the United States.

"(C) Domestic 263(c) deduction.—The term 'domestic 263(c) deduction' means the amount deductible under such regulations with respect to oil or gas wells located within the United States.

"(D) Oil and gas percentage depletion deduction.—The term 'oil and gas percentage depletion deduction' means the deduction allowed by section 611 and determined under this section with respect to oil and gas wells.

(b) EFFECTIVE DATE.—The amendment made by this section applies to taxable years beginning after the date of enactment of this Act with respect to gross income derived from any oil or gas well after the beginning of such taxable year.

## TITLE III—TERMINATION OF PRICE CONTROLS

### PETROLEUM PRODUCTS, CRUDE OIL, NATURAL GAS, COAL, AND DRILLING AND MINING EQUIPMENT

SEC. 301. Section 203 of the Economic Stabilization Act is amended by adding at the end thereof the following new subsections:

"(k) Upon the expiration of one year following the date of enactment of this subsection, or on the date provided in section 218, whichever is earlier, the authority conferred by this section to stabilize the prices of petroleum products, crude oil, natural gas, and coal shall terminate, but such termination of authority shall not affect any action or pending proceedings, civil or criminal, not finally determined on the date of such termination of authority, nor any action or proceeding based upon any act committed prior to such date. Immediately upon the enactment of this subsection, the President or his delegate shall begin to make such periodic adjustments in ceiling prices of commodities referred to in the preceding sentence as may be appropriate to insure that such termination of authority may be accomplished in a manner which does not cause undue disruption or dislocation in the economy or any industry.

"(l) Notwithstanding the provisions of section 218, the authority conferred by this section may not be exercised after the date of the enactment of this subsection to stabilize the prices of steel pipe, drilling equipment, casing, or any other steel product which the Secretary of the Interior certifies is in short supply in the United States and is used in the extraction, refining, or transportation of crude oil or gas, or in the extraction of coal, but the provisions of this subsection do not affect any action or pending proceedings, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to such date.".

### NATURAL GAS DEREGULATION

SEC. 302. (a) Section 1(b) of the Natural Gas Act is amended to read as follows:

"(b) The provisions of this Act shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for domestic, commercial, industrial, or any other use, and to natural gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution or to the production or gathering of natural gas or to the sale of natural gas dedicated for the first time to interstate commerce or rededicated upon expiration of an existing contract on or after the date of the enactment of the Energy Revenue and Development Act of 1974, or produced from wells commenced on or after such date, for domestic, commercial, industrial, or any other use, by any person, whose principal business is not the transportation of natural gas in interstate commerce."

(b) Section 2(6) of the Natural Gas Act is amended by striking the last two words and by inserting before the period at the end thereof a comma and the following: "subject to the exception in section 1(b) above".

(c) Section 2 of the Natural Gas Act is amended by adding at the end thereof the following new clause:

"(10) 'Affiliate' of another person means any person directly or indirectly controlling, controlled by, or under common control with such other person."

(d) Section 3 of the Natural Gas Act is amended by striking from the first sentence "or import any natural gas from a foreign country" and by striking from the second sentence "or importation".

(e) Section 4(e) of the Natural Gas Act is amended by inserting before the period at the end thereof a colon and the following: *"Provided, however,* That the Commission shall have no power to deny, in whole or in part, that portion of the rates and charges made, demanded, or received by any natural gas company for or in connection with the purchase of natural gas exempt from this Act pursuant to section 1(b) except to the extent that the rates or charges made, demanded, or received for natural gas by an affiliate of the purchasing natural gas

company exceed those made, demanded, or received by persons not affiliated with the purchasing natural gas company: *Provided further*, That the Commission shall have no power to deny, in whole or in part, that portion of the rate or charges made, demanded, or received by any natural gas company for natural gas produced from the properties of that company from wells commenced on or after the date of the enactment of the Energy Revenue and Development Act of 1974, except to the extent that the rates or charges made, demanded, or received exceed those made, demanded, or received for natural gas by persons not affiliated with the purchasing natural gas company.".

(f) Section 5(a) of the Natural Gas Act is amended by inserting before the period at the end thereof a colon and the following: "*Provided, however*, That the Commission shall have no power to deny, in whole or in part, that portion of the rates and charges made, demanded, or received by any natural gas company for or in connection with the purchase of natural gas exempt from this Act pursuant to section 1(b), except to the extent that the rates or charges made, demanded, or received for natural gas by an affiliate of the purchasing natural gas company exceed those made, demanded, or received by persons not affiliated with the purchasing natural gas-company: *And provided further*, That the Commission shall have power to deny, in whole or in part, that portion of the rate or charges made, demanded, or received by any natural gas company for natural gas produced from the properties of that company from wells commenced on or after the date of the enactment of the Energy Revenues and Development Act of 1974, except to the extent that the rates or charges made, demanded, or received exceed those made, demanded, or received from natural gas by persons not affiliated with the purchasing natural gas company: *And provided further*, That the Commission shall have no power to order a decrease in the rate or charge made, demanded, or received for the sale of natural gas by any person not engaged in the transportation of natural gas in interstate commerce or by any affiliate of such person, if such rate or charge shall have been previously determined to be just and reasonable, such determination being final and no longer subject to judicial review.".

(g) Nothing in the amendments made by this section shall terminate any right of renewal, right of first option or other similar right in any contract.

SUMMARY OF ENERGY REVENUE AND DEVELOPMENT ACT OF 1974

TITLE I—ENERGY TRUST FUND; REVENUE SHARING WITH STATES

This Title would set up an Energy Trust Fund, administered by the FEA to carry out a national energy program, to finance energy research and development, and to conduct a loan guarantee program for demonstration plant projects. The national energy program would be a comprehensive plan to provide domestic self-sufficiency through more efficient production, conversion, and use of energy. The trust fund would be financed by outer continental shelf revenues, a portion of which would be allocated to the States adjacent to offshore drilling. In this way, government revenues from the energy industry can be kept in energy development. Coastal States would be encouraged to promote offshore drilling and refinery construction by sharing in the Federal revenues.

TITLE II—DEPLETION ALLOWANCE

The foreign depletion allowance would be repealed by this Title. It has served only to encourage further investments in insecure sources of supply and to increase foreign profits of multinational oil companies. Its repeal would benefit the Treasury approximately $40 million annually.

The domestic depletion allowance is necessary to preserve the independent sector of domestic oil and gas producers which account for 80 percent of the exploratory drilling in this country. As presently constituted, however, the depletion allowance has not been sufficient to reduce the higher profitability on foreign production over domestic. This bill helps restore the balance between an investment in low cost foreign oil and higher cost but still lower priced domestic oil. It would preserve the independent sector of the petroleum industry while cutting back on the depletion allowance for the majors. The new depletion allowance would be proportional to the ratio of a firm's domestic to worldwide intangible drilling expenses. To illustrate: new depletion allowance=22% × domestic intangible drilling costs ÷ worldwide intangible drilling costs.

TITLE III—DEREGULATION OF OIL AND GAS PRICES

This title would terminate price controls on all petroleum and petroleum products. The price regulation this past year has proven inefficient and inequitable. The most efficient allocation of supplies can only come through prices determined in the marketplace.

Deregulation of natural gas is sorely needed to stimulate a significant exploratory drilling effort. The new Federal Power Commission wellhead rate of 42 cents per thousand cubic feet is equivalent to oil at about $2.35 per barrel. This rate is still unrealistically low when the average domestic oil price is $7.00 per barrel and the foreign price is $10.00. This bill would provide for deregulation of new gas, as well as old gas released from expiring contracts. In any case, the wellhead price is only a small fraction of the cost to the consumer; the major cost is in the transmission and distribution of the gas which would remain regulated. In addition to protecting the consumer from rapid price increases created by shortages, this deregulation bill protects the distributor with sanctity of contract and right of first option clauses.

COMMITTEE ON FINANCE,
*Washington, D.C., July 2, 1974.*

Hon. WILLIAM SIMON,
*Secretary of the Treasury,*
*Department of the Treasury,*
*Washington, D.C.*

DEAR MR. SECRETARY: You asked for a summary of the energy bill which I plan to introduce this month, the purpose of which is to foster energy independence in the United States. The bill has several unique provisions which we discussed in my office Thursday, June 27. These provisions include an energy research and development trust fund financed by outer continental shelf revenues; revenue sharing with adjacent States combined with a bonus incentive to local municipalities for the construction of new refinery capacity; eliminating the foreign depletion allowance and making the domestic percentage depletion allowance proportional to a firm's domestic vs. overall intangible drilling costs. Another provision of the bill with which you are familiar would deregulate new natural gas. This provision would include sanctity of contracts and right of first option renewal features.

The energy trust fund is no stranger to you; the Treasury Department proposed, as an option for Congress to consider, such a concept as a part of its petroleum windfall profits tax recommendations earlier this year. My proposal would finance such a trust fund through the Federal Government's outer continental shelf revenues. It would also share a certain portion of those monies with the coastal States permitting offshore oil and gas production. As you know, a substantial portion of our oil and gas reserves lie offshore, but there is little local and State support for developing those resources off the Atlantic and Pacific coasts. My bill would provide a direct reimbursement to the States proportional to the offshore development that they allow. This revenue sharing with the States would proceed according to the formula which would generally provide between $50 and $100 million for each State, depending on the amount of leasing. In addition, States and localities would benefit from offshore revenues allocated to the Land and Water Conservation Fund. Had this program been in effect over the past two years, the revenue sharing would have been distributed according to the following table:

REVENUE SHARING WITH STATES

[Millions of dollars]

| Year | Total OCS receipts | Balance to energy trust fund and land and water conservation fund | Alabama | California | Florida | Louisiana | Mississippi | Texas |
|---|---|---|---|---|---|---|---|---|
| 1972 | $2,625 | $2,541.0 | ---------- | $7.9 | ---------- | $72.3 | ---------- | $3.8 |
| 1973 | 3,495 | 3,222.1 | $47.8 | 6.9 | $47.8 | 74.8 | $47.8 | 47.8 |

It is not possible to estimate exactly what the level of bonus bidding revenues would go to a State which has not yet allowed bidding off its shores, nor for that matter, what the total Federal offshore revenues will be for 1974. However, should a State allow offshore bidding in a significant way, it would almost certainly receive $47.8 million at a minimum. With increased offshore leasing the amount would rise significantly. Under this proposal, States which have possibilities for offshore drilling or which permit new refinery capacity would be able to strike a better balance between the advantages of such additional revenues and industrial development against whatever disadvantages outer continental shelf development or refineries may entail.

The granting of an incentive to a local municipality for the construction of a petroleum refinery follows the same principles as the above revenue sharing plan, granting any municipality a bonus of one dollar per barrel per day of new refinery capacity installed. In most cases, it is the local municipality which feels unreimbursed for the discomfort of having a refinery within its jurisdiction. My bill would seek to restore the balance in making such a decision. Many of the states which do not extend their hospitality to refineries also currently oppose offshore drilling. The uneven geographic production of energy results not only in severe regional shortages and excessive concentration of production and refinery capacity, but also in interstate rivalries over the growing curtailment, shortages, and price rises over which producing states have no control.

The depletion allowance, in and of itself,

is no culprit in our overall energy predicament. The problem, rather, is one of the worldwide economic situation, in which it is much more profitable to invest in foreign rather than domestic oil and gas production. That situation may change with the trend toward nationalization, but as the following chart shows, profits of the seven largest oil companies increased by only 6.4 percent on domestic operations in 1973, as compared with a whopping increase of 136.8 percent on their foreign operations.

INCOME OF 7 LARGEST INTERNATIONAL PETROLEUM COMPANIES

| | 1972 (billions) | 1973 (billions) | Increase | Distribution of profit percentage increase | Percentage increase |
|---|---|---|---|---|---|
| Total | $4.865 | $8.771 | $3.906 | 100.0 | 80.0 |
| Western Hemisphere (not United States) | .772 | 1.330 | .558 | 14.3 | 72.0 |
| Eastern Hemisphere | 1.984 | 5.197 | 3.213 | 82.2 | 161.0 |
| Total Foreign | 2.756 | 6.527 | 3.771 | 96.5 | 136.8 |
| United States | 2.109 | 2.244 | .135 | 3.5 | 6.4 |

A new policy is needed, one which tips the economic scales back towards investment in secure, domestic production. My bill would accomplish this goal by eliminating the foreign depletion allowance and by making the domestic depletion allowance proportional to the ratio of a firm's domestic intangible drilling costs divided by its worldwide intangibles. Put another way, the new domestic depletion allowance would be 22 percent (the current rate) times the ratio of domestic to worldwide intangible drilling costs. Such a calculation would encourage further domestic investment in production while protecting the competitive element of the industry, the independent drillers.

I strongly feel that this package of proposals would foster the President's stated goal of achieving energy self-sufficiency. Frankly, I have seen nothing in either the Administration's or the House Ways and Means Committee's "windfall profits" proposals which would encourage the development of our own energy resources. It is my hope that the Administration will support and perhaps suggest improvements in the proposals I have described in this letter. Should you desire any more information on these proposals, please do not hesitate to call on me or Bob Best of the Finance Committee staff.

Sincerely,

MIKE GRAVEL,
*Chairman, Subcommittee on Energy.*

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By Mr. MATHIAS (for himself and Mr. BEALL):

S. 3876. A bill to provide for the expansion of the Antietam National Battlefield site in the State of Maryland, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. MATHIAS. Mr. President, I am pleased today to introduce, on behalf of myself and Senator BEALL, revised legislation for the expansion and protection of the Antietam Battlefield in the State of Maryland.

This bill is substantially similar to legislation we introduced, along with Senator HATFIELD and Senator STENNIS, on October 11, 1972, in the 92d Congress.

This measure will authorize the expansion of the national battlefield, now about 1,100 acres, to a total of 3,260 acres. This would include the 1,440-acre site of the actual battle, as well as an environmental protection zone of 1,820 acres, so as to preserve the present, largely rural scenery around the battlefield and along lower Antietam Creek to its junction with the Chesapeake and Ohio Canal National Historical Park.

The history of this legislation reaches back several years, and I believe the revised bill we are introducing today is worthy of strong congressional support. Senator BEALL and I first introduced such legislation on September 18, 1969, on the 107th anniversary of the historic battle. We revised and reintroduced it on April 15, 1971, in the 1st session of the 92d Congress.

Thereafter, an Antietam National Battlefield Advisory Committee was formed at my request, to discuss and evaluate the legislation, and to offer recommendations for refinement and improvement of the original proposals. The committee was appointed by the Washington County Commissioners and chaired by Commissioner Rome Schwagel.

I would like to take this opportunity to offer some well-deserved praise to Commissioner Schwagel and all the members of the advisory committee for their dedicated efforts over a span of 3 years in considering and recommending improvements in this legislation. The committee met and consulted with a broad range of local citizens and landowners interested in and affected by the proposed legislation, and carefully examined all the property in the area on a parcel-by-parcel basis. Every single owner of affected land was notified and given an opportunity to meet with the committee to discuss the best disposition of his or her property—an opportunity of which the majority of landowners took full advantage. Representatives of the National Park Service were also in attendance at every committee meeting and have thus had a full opportunity to offer their own suggestions and gain a clear understanding of all the local issues which might arise. The Park Service has indicated that this has been the most desirable approach yet developed for park land acquisition. I thoroughly concur. Indeed, the committee's role serves as a model which I hope may be followed for the development of any other legislation which seeks to preserve and protect our precious national heritage through park land acquisition.

In May of 1972, the committee issued its basic report of findings and recommendations, which I inserted in the CONGRESSIONAL RECORD on May 22, 1972. The thrust of these suggestions, and others which have been offered since that time, are incorporated in the legislation we introduce today.

Under this bill, owners of residential or agricultural properties within the expanded area would, in most cases, have the option of retaining the rights of use and occupancy of their properties for purposes compatible with the project. If a scenic easement is recommended on a parcel of property by the Advisory Committee in its report, however, and the property owner wishes to sell his land to the Park Service with no residual rights, the new bill will grant any such landowner the option of a fee simple acquisition or scenic easement.

Another recommendation of the advisory committee which we have made part of the present legislation involves the appointment of two nonvoting members to the permanent advisory commission which the bill establishes, in addition to the seven voting members.

These two non-voting appointees will serve in 1-year terms and will be appointed by the Board of Commissioners of Washington County for the specific purpose of advising the National Park Service on the administration of scenic easements.

A third recommendation of the committee which we have adopted in this legislation, is a provision which would transfer 549 acres of land at Fort Ritchie, Md., from the Department of Defense to the Interior Department. This land would then be available for exchange for Antietam property to be acquired from private landowners, or for sale to any member of the public. This will help to maintain privately owned property on the local tax rolls.

Mr. President, because this legislation incorporates the recommendations and enjoys the support of the broad range of public officials, historical societies and concerned citizens in Western Maryland, I believe that it merits wide support here in Congress, and we will press for its enactment at the earliest possible time. It is becoming increasingly clear that the survival of the Antietam Battlefield in the face of encroaching development can no longer be entrusted purely to chance or private action.

In this regard, however, I am encouraged by the creation of a new nonprofit corporation, Antietam Battlefield Protectors, Inc., which has been formed by local citizens to help buy land to protect Antietam from commercal encroachment. Their efforts demonstrate clear local support for the principle of preserving Antietam, and the lands thus purchased may later be donated to the National Park Service upon enactment of the legislation we are introducing today.

In concluding, Mr. President, I would simply like to point out that the beautiful Antietam area has attracted well over a million visitors in the past 3 years alone. Many of the historical sites they have come to see, such as Dunkard Church, the Sunken Road, and the

fields southeast of Sharpsburg where A. P. Hill's men rebuffed the advance of Union troops to end the battle, are outside of the current Federal property. The need to encompass these historical portraits in an enhancing and protective frame is apparent to all who visit Antietam. I therefore, hope that we will be able to obtain approval of this important bill in the coming year.

Mr. President, I ask unanimous consent that the full text of this legislation, S. 3876, 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. 3876

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) in furtherance of the purposes of the Act entitled "An Act to provide for the protection and preservation of the Antietam Battlefield in the State of Maryland" approved April 22, 1960 (74 Stat. 79), and other Acts relative thereto, and additionally to provide for the protection and preservation of the historic field hospital site where Clara Barton, founder of the American Red Cross, served, the Secretary of the Interior is hereby authorized to acquire, by purchase, exchange or donation, additional lands and interests therein over and above the limitations as previously authorized: *Provided,* That the total of lands previously acquired and currently included within the Antietam National Battlefield Site and Antietam National Cemetery, plus such lands as may be acquired under authority of this Act, shall together not exceed three thousand two hundred sixty acres: *Provided further,* That, within the total acreage as herein authorized, one thousand four hundred forty acres shall be identified by the Secretary of the Interior as comprising the historic battlefield scene and the same shall be protected and preserved as such for the cultural benefit and inspiration of the public through the acquisition of fee simple title thereto; and the remaining one thousand eight hundred twenty acres shall be contiguous to the historic battlefield and shall provide environmental protection thereto through the acquisition of less-than-fee interests therein. Notwithstanding the foregoing limitation, the Secretary may acquire the fee simple title to any property in lieu of a less-than-fee interest upon the request of the owner.

(b) The Antietam National Battlefield site established pursuant to such Act of April 22, 1960, including lands acquired by the Secretary pursuant to subsection (a) of this section, is hereby redesignated the "Antietam National Battlefield Park".

SEC. 2. (a) With the exception of property that the Secretary of the Interior determines is necessary for purposes of administration, preservation, or public use, any owner or owners (hereinafter in this section referred to as "owner") of improved property on the date of its acquisition by the Secretary may retain the right of use and occupancy of the improved property for noncommercial residential or agricultural purposes as hereinafter provided, for a term, as the owner may elect, ending either (1) upon the death of the owner or owner's spouse, whichever occurs later, or (2) not more than twenty-five years from the date of acquisition. The Secretary shall pay to the owner the fair market value of the property on the date of such acquisition, less the fair market value on such date of the interest in such property retained by the owner. Such right (1) shall be subject to such terms and conditions as the Secretary deems appropriate to assure that the property is used in a manner compatible with the purposes of this Act, (2) may be transferred or assigned, and (3) may be terminated with respect to the entire property by the Secretary upon his determination that the property or any portion thereof has ceased to be used for noncommercial residential or agricultural purposes, and upon tender to the holder of the right of an amount equal to the fair market value, as of the date of the tender, of that portion of the right which remains unexpired on the date of the termination.

(b) As used in this section, the term "improved property" means (1) a detached year-round dwelling which serves as the owner's permanent place of abode at the time of acquisition, and construction of which was begun before January 1, 1971, together with so much of the land on which the dwelling is situated, the said land belonging in the same ownership as the dwelling, as the Secretary shall designate to be reasonably necessary for the enjoyment of the dwelling for the sole purpose of noncommercial residential use, and (2) any property that is used exclusively for agricultural purposes and continues in such use, including housing directly incident thereto: *Provided,* That the Secretary, in consultation with the Commission as hereinafter authorized to be established, may exclude from any improved property any waters or land fronting thereon, together with so much of the land adjoining such waters or land as he deems necessary for public access thereto.

SEC. 3. The Secretary of the Interior is hereby authorized to undertake such research as is necessary to define those lands actually comprising the historic Antietam Battlefield scene and to identify them as such for protection and preservation within the purposes of this Act; to undertake research, including archeological investigations, as necessary to identify the actual site of the historic Clara Barton field hospital for purpose of acquisition and protection and preservation as provided herein; and to enter into such agreements with affected property owners as may be necessary to carry out such research and field studies.

SEC. 4. The administration, protection, preservation, and such minimal development as is necessary to provide for public use and enjoyment of the Antietam National Battlefield Park shall be exercised by the Secretary of the Interior in accordance with provisions of the Act entitled "An Act to establish a National Park Service, and for other purposes" approved August 25, 1916 (39 Stat. 535), as amended and supplemented.

SEC. 5. To carry out the purposes of this Act, those lands situated in Washington County, Maryland, and identified as "Fort Ritchie—Site B" as indicated on county tax maps numbered 67 and 72 and currently under the jurisdiction of the Department of Defense and administered by the commanding officer at Fort Ritchie, Maryland, containing approximately five hundred forty-nine acres, are hereby transferred to the jurisdiction of the Secretary of the Interior, and shall be utilized in acquisition of lands as authorized by this Act, either through exchange upon the basis of equal value, or sold under sealed bid at not less than a fair market value as shall be determined through appraisal, with monetary proceeds therefrom to be applied directly toward purchase of land as herein authorized.

SEC. 6. (a) In carrying out the purposes of this Act, including historic preservation and restoration, environmental protection, and historical interpretation for the benefit and enlightenment of the public, the Secretary of the Interior is hereby authorized and directed to consult at least semiannually with the advisory commission established under subsection (b) of this section, and also to consult and cooperate with appropriate agencies and officials of the State of Maryland, Washington County, Maryland, and interested local governments, and with interested organizations, groups and individuals.

(b) (1) There is hereby established an Antietam National Battlefield Park Advisory Commission (hereinafter referred to as the "Commission") to assist the Secretary in developing policies and programs pursuant to this Act, and to promote the coordination of those policies and programs with relevant Federal, State, local and private efforts in historic preservation and interpretation, environmental protection and related fields.

(2) The Commission shall be composed of seven voting members and two nonvoting members. The voting members shall be appointed by the Secretary for terms of five years, as follows:

(A) Two members to be appointed from recommendations submitted by the Board of County Commissioners of Washington County, Maryland;

(B) Two members to be appointed from recommendations submitted by the Governor of the State of Maryland; and

(C) Three members to be appointed by the Secretary, one of whom shall be designated Chairman of the Commission, and at least two of whom shall be members of regularly constituted historical or environmental organizations.

(3) The nonvoting members shall be appointed by the Board of County Commissioners of Washington County, Maryland, for terms of one year and shall act in an advisory capacity with the National Park Service in administration of the scenic easement.

(4) Any vacancy in the Commission shall be filled in the same manner in which the original appointment was made.

(5) Members of the Commission shall serve without compensation, but the Secretary is authorized to pay, upon vouchers signed by the Chairman, the expenses reasonably incurred by the Commission and its members in carrying out their responsibilities under this Act.

(6) The Commission shall act and advise by affirmative vote of a majority of the members thereof.

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. BEALL. Mr. President, I am pleased to once again join with my distinguished colleague from Maryland (Mr. MATHIAS) in introducing legislation designed to protect the Antietam National Battlefield. Similar legislation was introduced in the 92d Congress, but unfortunately no action was taken prior to adjournment. Since then, the pressures for development have become even greater, to the point that, many historic areas will be lost forever unless the Congress moves in the near future.

The Battle of Antietam was one of the most critical moments of the Civil War. Union and Confederate casualties numbered over 23,000, making it the single bloodiest day in our Nation's history. Further, although the battle was a tactical draw, it served as a major strategic victory for the Union. The Confederate Army withdrew back into Virginia, and its morale suffered a serious blow. Even more important, it doomed Southern hopes for a decisive military victory and thus forestalled any hope that foreign nations might intervene on the side of the South. Finally, it was the "victory" President Lincoln needed to issue the Emancipation Proclamation, a step which brought much of world opinion into support of the Union cause.

Clearly Antietam is an integral part of our American heritage. Yet, because it is located at easily commutable distances from major urban areas, much of its historic land is now in jeopardy. Thus, I urge the Congress to act rapidly and favorably on this proposal.

Specifically, the bill would authorize the Secretary of the Interior to expand the Antietam National Battlefield by 3,260 acres. Some 1,440 acres would be identified by the Secretary as comprising the historic battlefield area and are to be purchased. The remaining 1,820 acres shall serve as a contiguous environmental "buffer zone" to further protect the park, and the Secretary is authorized to acquire less-than-fee interests in this area. However, the Secretary, under this legislation, may still purchase title to any such property if desired by the owner. In most cases, owners may retain the use and occupancy of improved property for noncommercial or agriculture purposes until the death of the owner or the owner's spouse, or for not more than 25 years.

Mr. President, too many historic sites around our country have fallen victim to unwanted development. This bill seeks to prevent such action at one of our country's most significant battlegrounds, and thus I urge prompt consideration of this measure.

## ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 3480

At the request of Mr. TUNNEY, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 3480 to authorize a national summer youth sports program.

S. 3514

At the request of Mr. CHILES, the Senator from Utah (Mr. Moss) was added as a cosponsor of S. 3514, to distinguish Federal grant and cooperative agreement relationships from Federal procurement relationships, and for other purposes.

S. 3775

At the request of Mr. BUCKLEY, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 3775 to provide for the monthly publication of a Consumer Price Index for the Aged which shall be used in the provision of cost-of-living benefit increases authorized by title II of the Social Security Act.

## ADDITIONAL COSPONSORS OF RESOLUTIONS

SENATE RESOLUTION 347

At the request of Mr. INOUYE, the Senator from Washington (Mr. JACKSON) was added as a cosponsor of Senate Resolution 347 to authorize the Committee on Commerce to make an investigation and study on the policy and role of the Federal Gvernment on tourism in the United States.

SENATE RESOLUTION 352

At the request of Mr. Moss, the Senator from Nebraska (Mr. CURTIS) was added as a cosponsor of S. Res. 352 to amend rules XXV and XVI of the Standing Rules of the Senate with respect to jurisdiction of energy research and development matters, and for other purposes.

## CONSUMER PROTECTION—AGENCY FOR CONSUMER ADVOCACY—AMENDMENT

AMENDMENT NO. 1764

(Ordered to be printed and to lie on the table.)

Mr. ERVIN submitted an amendment, intended to be proposed by him, to the bill (S. 707) to establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and to authorize a program of grants, in order to protect and serve the interests of consumers, and for other purposes.

## PRISONER OF WAR AND MISSING IN ACTION TAX ACT—AMENDMENTS

AMENDMENT NO. 1765

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY submitted an amendment, intended to be proposed by him, to the bill (H.R. 8214) to modify the tax treatment of members of the Armed Forces of the United States and civilian employees who are prisoners of war or missing in action, and for other purposes.

## AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961—AMENDMENT

AMENDMENT NO. 1766

(Ordered to be printed and referred to the Committee on Foreign Relations.)

Mr. McGEE (for himself, Mr. KENNEDY, Mr. HUMPHREY, and Mr. CRANSTON) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 3394) to amend the Foreign Assistance Act of 1961, and for other purposes.

Mr. McGEE. Mr. President, today I am submitting an amendment to S. 3394, the Foreign Assistance Authorization Act for fiscal year 1975, which would increase our contributions to the United Nations voluntary programs by $33 million over the President's request for these programs.

Contributions to three U.N. voluntary agencies would be affected by my amendment. First, the U.S. contribution to the United Nations Development Program—UNDP—would be increased by $20 million—from $110 million as proposed by the President to $130 million. Second, the U.S. contribution to the United Nations Relief Works Agency—UNRWA—would be increased by $10 million—from $23.2 million as requested by the President to $33.2 million. Third, the U.S. contribution to UNICEF would be increased by $3 million—from $15 million requested by the President to $18 million.

I believe a strong case exists for increasing our contributions to all three U.N. programs. By providing an additional $20 million for UNDP, the United States would be able to make a $110 million contribution for calendar year 1975, rather than the $100 million proposed by the President. The additional $20 million available to UNDP under my amendment would be used to end split-year funding for UNDP which has been undertaken since calendar year 1973 when only $70 million was provided for UNDP under the fiscal year 1973 continuing resolution. At that time, in order to allow the United States to make a $90 million contribution to UNDP in 1973, $20 million had to be drawn from fiscal year 1974 funds. Therefore, my amendment would allow us to remedy this situation by restoring our UNDP contribution to a full annual funding basis. It is in the interest of sound management that we do so in the fiscal year 1975 authorization bill.

A $110 million contribution to UNDP in fiscal year 1975 would represent approximately 25–26 percent of the total contributions anticipated by UNDP in 1975. While other nations have continued to increase their contributions substantially in recent years, the U.S. contribution has fallen from 28.1 percent of total contributions in 1973 to 23.8 percent in 1974. This is despite our assurances to other U.N. members that a reduction in our assessed contributions to the U.N. to a level of 25 percent would not apply to our contributions to the voluntary programs.

The Foreign Relations Committee has already made its views known on this matter in a very explicit manner. Last year, the committee noted in its report on the Foreign Assistance Act of 1973 that:

> The Committee is gratified with the resolution of the last General Assembly which endorsed the principle of a 25% ceiling on the U.S. contribution to the United Nations regular budget. However, a reduction in our contribution to UNDP, following the same principle, might cause many governments to reconsider their support for reducing the U.S. contribution when the report of the Committee on Contributions is submitted to the General Assembly for final approval in the fall. To many other governments, our support for UNDP serves as an indication of our continuing commitment to multilateral cooperation for development. Since 1970, the contributions of other governments to UNDP have increased by more than 46%. Thus, the Committee considers it most important for the United States to maintain its generous support and is pleased with the apparent direction taken by the Administration following the recommendation of the Lodge Commission which stated:
>
> That our contribution to the United Nations voluntary programs be increased by an amount at least corresponding to our reduction in assessed contributions.

However, despite this explicit statement from the Senate Committee on Foreign Relations, our participation in UNDP has declined. In fact, on the basis of the last pledging conference for UNDP, other nations increased their commitments by 96.1 percent since 1970, compared to a 4.3 percent increase in U.S. contributions over the same span of time. Therefore, I am offering my amendment as an effort to bring our participation in the program within the criteria set down by the committee last year.

I support this increased contribution

to UNDP not only because I believe we must do our share in the international development effort, but also because UNDP is able to utilize effectively the funds we provide. UNDP is particularly equipped to utilize new funds to assist the least developed countries, where the ratio of its allocation of funds is already four times that of our bilateral aid program. UNDP is also equipped to undertake projects on an intercountry basis. Having installed the country programing system and other reforms called for by the Jackson study, UNDP is now prepared to undertake substantially increased program delivery in 1975.

Accordingly, I believe we should be prepared to do our part in providing the funds which will enable UNDP to capitalize on the many improvements made. This is particularly true since other nations are contributing to the program at a much faster and higher rate than the United States.

I believe UNDP is indeed vital to our effective participation in the United Nations. It always has been, and will continue to be, a measuring stick used by developing nations as to the seriousness of our participation in the institution.

An additional $3 million is provided in my amendment in order to make available the full amount earmarked for UNICEF in the authorization bill last year. This amount—$18 million—is $3 million above the amount requested by the President for fiscal year 1975. Such an increase was believed to be justified by both the House Foreign Affairs and Senate Foreign Relations Committees last year in view of the fact that emergency demands on UNICEF resources had increased markedly. Despite these increased needs, our contribution to UNICEF has remained at the $15 million level since 1972.

My amendment would also make available an increase of $10 million for UNRWA as a special emergency contribution by the United States. UNRWA continues to be this year, as before, in serious long-term financial difficulty, although its 1974 appeal for special contributions met with a greater response than in the past from donors other than the United States. Most notable is the case of the European Economic Community which approved a special emergency contribution of $7.9 million in June. These contributions, including a special U.S. contribution of $4.2 million, will bring UNRWA through calendar year 1974 without adding to its deficit.

However, UNRWA has a substantial deficit accumulated from previous years and also faces inflation in many areas where it operates, which is even more acute than elsewhere—about 20 percent. Furthermore, there is increased demand for its services due to the natural growth in the numbers of refugee children as well as the longstanding, unfulfilled demand from those refugees who are entitled to UNRWA's services, but cannot obtain them because the agency lacks the necessary funds. To regain the financial solvency, it must have to continue its humanitarian work; and to play the role it may have in a peace settlement in the Middle East, UNRWA will require additional special support.

Arab governments which are hosts to the Palestinian refugees provide substantial amounts in goods and services to the refugees directly. These governments, not UNRWA, are responsible for roads, utilities, and civil administration in the areas where the refugees live; and they share with UNRWA the provision of health services, education, and shelter to the refugees. In 1973, the estimated value of these services provided by host governments was more than $20 million.

The negotiations on a peace settlement in the Middle East have given an additional importance to UNRWA's work. UNRWA's health, education, and food services have always been essential to a minimally acceptable standard of living for the refugees it serves in offering them more hope for the future, especially for their children. UNRWA has thus been central to maintaining such stability as the refugee areas have had, including those refugee areas in Israel-held territory where some 40 percent of these refugees live. Any reduction now in our support for UNRWA in relation to its need, forcing the agency to cut back its services, would endanger not only this stability, but also the settlement negotiations. In particular, it would be seen as totally inconsistent with our repeatedly expressed position that a just and lasting peace in the Middle East cannot be established without taking into account the wishes and aspirations of the Palestinians.

Mr. President, as a delegate to the United Nations 2 years ago and having served as a member of the UNRWA Committee, I can personally attest to significant contributions made by this agency. It has been an invaluable tool in meeting the needs of those peoples who have been displaced by the problems of the Middle East.

I would just say that the international community, including the United States, has come to rely more and more upon the United Nations as an instrument for coming to grips with, and seeking solutions to, massive world problems of hunger, poverty, illiteracy, and disease. We are also coming to realize the fruits of the United Nations as a peacekeeping institution. Had it not been for the United Nations and the valuable peacekeeping role it has played in the Middle East, it is doubtful we could have succeeded in disengagement efforts on the Egyptian and Syrian fronts. The United Nations stood as the only buffer between the belligerents of the last Middle East crisis—belligerents who could have brought the United States and the Soviet Union into direct conflict had not an internationally guaranteed emergency force been available. The latest Cyprus crisis is another instance of the invaluable contribution the United Nations has made in stabilizing a potentially explosive situation which could have erupted into all-out war between two NATO allies.

In conclusion, Mr. President, we owe much to the United Nations. Yet, at a time when we are coming to rely more and more upon the U.N., the United States is weakening its commitment to the institution. My amendment involves a very small increase in our contributions to three vital U.N. voluntary agencies, particularly when one compares the immense benefits we have reaped from the organization.

I also wish to express my gratitude to my distinguished colleagues, the senior Senator from Massachusetts (Mr. KENNEDY), the junior Senator from Minnesota (Mr. HUMPHREY), and the senior Senator from California (Mr. CRANSTON), for joining me in sponsoring this amendment.

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

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

On page 5, line 9, strike out "$153,900,000" and insert in lieu thereof "$186,900,000".

Mr. KENNEDY. Mr. President, I am pleased to join my distinguished colleague from Wyoming, (Mr. MCGEE), in cosponsoring this amendment to the foreign assistance authorization bill to increase the U.S. voluntary contribution to the splendid work of three United Nations specialized agencies.

This amendment will increase, by a modest $33 million, our contribution to the important work of the United Nations Development Program—UNDP—to UNICEF, and to the United Nations Works and Relief Agency—UNRWA.

Mr. President, I have, over the years, witnessed firsthand in the field the humanitarian programs undertaken by these agencies all around the world. In several areas, their presence has meant the difference between life and death—for refugees in need, for children suffering the effects of famine and hunger.

In countless countries, the UNDP has contributed significantly over the past two decades in helping to promote essential economic devlopment programs. Hand in hand with local governments it has worked to close the gap between the rich and the poor, and to achieve greater economic progress.

In the Middle East, UNRWA has helped to meet the countinuing humanitarian needs among the refugees. Given the hopeful changes toward a lasting peace in the Middle East, our country and the international community must not lose sight of the important role and contribution of UNRWA.

With headquarters in Beirut, UNRWA operates in Lebanon, Syria, Jordan, and the Israel-administered territories of Gaza and the West Bank. Some 1,600,000 refugees are currently registered and assisted by UNRWA, and they need our continuing support.

The role of UNICEF around the world has been a bright beacon of hope for millions of children and mothers. In South Asia, and today in Africa, it has helped to avert famine and to blunt the ravages of malnutrition and disease. UNICEF is also exploring ways to contribute further in Indochina, to meet the massive humanitarian needs of war orphans and children disadvantaged by the years of violence.

Mr. President, the amount of money we are talking about here is really small—especially when compared to what we so

readily spend for military aid, or what we provide in foreign exchange support of governments, rather than to meet the humanitarian needs of people. But although this amount is small, it is nonetheless a significant and important contribution to the effective work of these agencies, and, unlike some bilateral programs, we can be assured that these dollars will be efficiently used to meet humanitarian needs.

We have been told by Secretary of State Henry Kissinger that our foreign assistance program is "a faithful expression of our moral values ... it reflects the humanitarian dimension of the American character." Regrettably, Mr. President, far too much of our aid now goes to buy guns and for security assistance, rather than humanitarian assistance that can help millions of people really in need.

This amendment, in a small way, will help to remedy this imbalance, and will truly reflect the humanitarian dimension of the American character. I urge its favorable consideration by the Foreign Relations Committee.

## ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 1648

At the request of Mr. TAFT, the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. FANNIN) and the Senator from Wyoming (Mr. HANSEN) were added as cosponsors of amendment No. 1648, intended to be proposed to S. 707, the Agency for Consumer Advocacy Act.

## NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Joseph W. Keene, of Louisiana, to be U.S. Marshal for the Western District of Louisiana for the term of 4 years. (Reappointment).

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Thursday, August 8, 1974, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

## NOTICE OF HEARING ON MATERIALS SHORTAGES: IMPACT ON SMALL BUSINESS

Mr. JOHNSTON. Mr. President, I wish to announce that the Subcommittee on Retailing, Distribution, and Marketing Practices of the Select Committee on Small Business will hold a public hearing on August 9, 1974, in the second floor courtroom of the Federal Building, 4th and Perry Streets, Davenport, Iowa, beginning at 10 a.m.

The subject of the hearing will be "Materials Shortages: Impact on Small Business." The subcommittee may hold additional hearings on this subject in Washington or elsewhere but no further dates have been scheduled at this time. We invite all small businesses which are experiencing problems as a result of shortages of essential materials to write to the Subcommittee describing the situation.

Of particular interest and concern are instances of unfair discrimination against small business by suppliers, in the allocation of scarce commodities and products.

The Senator from Iowa (Mr. CLARK) has been designated by me to serve as acting chairman of the subcommittee for the August 9 hearing in Davenport.

A witness list will be available at the offices of the Committee, 424 Russell Senate Office Building, telephone 225-5175, at an early date.

## NOTICE OF CHANGE IN HEARING DATE ON OIL PROFITS AND THEIR EFFECT ON SMALL BUSINESS

Mr. McINTYRE. Mr. President, I wish to advise that it has become necessary to change a previously scheduled hearing from August 6 to August 20, 1974, which the Subcommittee on Government Regulation of the Senate Small Business Committee is conducting on oil profits and their effect on small business and capital investment needs of the energy industries. The other two hearing dates on this subject remain unchanged, August 7 and 13.

Further information may be obtained from the Subcommittee on Government Regulation, room 424, telephone 225-5175.

## NOTICE OF A HEARING ON A NOMINATION

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Thursday, August 8, 1974, at 9:30 a.m., in room 2228, Dirksen Senate Office Building, on the following nomination:

Murray I. Gurfein, of New York, to be U.S. circuit judge for the second circuit, vice Paul R. Hays, retiring.

Any person desiring to offer testimony in regard to this nomination shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Mississippi (Mr. EASTLAND) chairman; the Senator from Arkansas (Mr. McCLELLAN) and the Senator from Nebraska (Mr. HRUSKA).

## ADDITIONAL STATEMENTS

## THE ECONOMY—ADDRESS BY SENATOR BENTSEN

Mr. MANSFIELD. Mr. President, last night, on the national television networks, Senator LLOYD BENTSEN gave a response by the Democratic Party to the President's recent report on the economy of the Nation. Senator BENTSEN outlined a six-point program to restore the economic health of the Nation.

As always, he presented his case with poise and a confidence built on his wide experience as a Member of the House of Representatives, as a successful businessman, and now as a Senator of the Senate Committees on Finance, Public Works and the Joint Economic Committee. He is eminently qualified to speak in this all important area of solving the Nation's economic problems.

This was an outstanding report on the economy given by Senator BENTSEN and I urge my colleagues who were not able to see him last night to read his remarks. I ask unanimous consent that his address be printed in the RECORD.

REPORT ON THE ECONOMY

(By U.S. Senator LLOYD BENTSEN)

Good evening. I'm Senator Lloyd Bentsen. For a few minutes tonight I want to talk about the price of food. About the cost of buying a house. About good times and bad times. In short, about our national economy and the way it affects your household.

Last week the President spoke to the Nation about his economic efforts. Perhaps you listened, as I did, while the President sought to explain his most recent ideas for dealing with inflation and recession.

As a former businessman, I looked for guidance from the President on how long we must suffer the soaring interest rates that are stalling economic growth. But I didn't find it.

As a Member of the Senate, I hoped for a clearly outlined legislative program—explained in frank terms to Congress and the people. But I didn't hear it.

As a consumer, I looked for action to reduce the 11% inflation rate. But I heard nothing to reassure me.

Finally, I looked to the President—as you may have—for national leadership from the top to give us the unvarnished facts and a clear sense of direction. But here again, you and I were disappointed.

For the President offered us more of the same: high interest rates, tight money, slow growth—business as usual.

It seemed to me, as I listened, almost as if the clock had been turned back 40 years. Once again we could hear a President telling us, "Prosperity is just around the corner,"—when most citizens perceive not a corner, but a blind alley.

The President told us that our present economic troubles are everyone's fault—except his and his advisors'. He blamed international conditions . . . wild spending by Congress . . . the extravagance of citizens who spend money rather than save it. I felt that I was hearing the language of economic cover-up.

Tonight, speaking from my vantage point as a Democrat and a Member of Congress, I want to express a different point of view.

I want to outline, briefly, a six-point program to restore our economic health. It bears the stamp of the Democratic Party. But I believe it merits the support of both parties; of businessmen and workers; of every family concerned about its savings—about food costs and college tuition and money for retirement.

Two charts tell the story of the economy in recent years—and the story is one of contrasts.

Under President Kennedy and President Johnson, the economy showed an average

annual consumer price increase of less than 2½%. I need scarcely tell you how different things are today. During the Nixon Administration, that average annual price increase has soared to 7%.

In 1968, Mr. Nixon campaigned against inflation. Well, the inflation that year was 4.7%, the highest of the Kennedy-Johnson years. Compare that to the 11% inflation we suffered last year.

If you are a typical citizen, your real weekly earnings—your wages after inflation was taken out—grew six times faster in the Kennedy-Johnson years than they have grown during the Nixon years. In the last 12 months, in fact, the real value of your paycheck has fallen sharply. I need not tell you what such inflation means to older citizens; to the working poor and others who have little hope of increasing their earnings.

The President promised us in January that we would have "no recession in 1974." But since then we have gone through two quarters of economic decline. According to most experts, that is the way we define—a recession.

Clearly, for you and me and millions of Americans, "business as usual" offers little hope—and no solutions. This is a time for strong initiatives. We are suffering not only inflation, but recession; not just fever but paralysis.

Yet, last week, the President offered only one new suggestion. He appealed to you and me to save our money; to stop spending so much of it.

I thought, as I listened to the President, "That may be good advice for the well-to-do. But the President should realize that most American families have middle incomes—or less. By the time they pay inflation-swollen prices for food and clothing, for house payments and other necessities, they just don't have much left to save."

I thought, as I listened to the President, about a letter that came to me some time ago from a woman in Texas. In 1970 her husband retired from his job as fireman on $450 a month. They could get by on that in 1970. In 1974, they can't. So her husband is out looking for part-time work. And at his age, jobs aren't easy to find.

Inflation and stagnation are making moonlighters out of millions of Americans.

In my judgment, the President's advice sadly misses the point. And his advice implied that the American people—the teachers and policemen and retired citizens of this country—are the villains responsible for inflation.

I don't believe that—I don't believe that Congressmen and Senators are the villains wholly responsible for our economic troubles.

Perhaps it would serve us better to abandon this pointless search for culprits—and begin a more hopeful effort: a bi-partisan search for solutions: practical solutions that all of us—Democrats, Republicans, businessmen, workers, even the White House—can embrace and enact.

In fact, the major cause of this inflation has not been your greed or wastefulness. It has been shortages—shortages of gasoline; shortages of food; shortage of raw materials; shortages of basic goods from steel to fertilizer.

The real solution to this kind of inflation does not lie in further crippling the ability of families like yours to buy the things they need. Nor does the solution lie in clinging to the most exhorbitant interest rates since the Civil War; for higher interest rates actually cripple the farmer, the home builder, the energy producer. The real solution to inflation lies in increasing the supplies of the goods we need: food, gasoline, housing and manufactured goods.

So I wished, as I listened to the President, that he would offer us less in the way of slogans and rhetoric—and more in the way of fresh solutions and action. It should be clear by now that serious problems cannot be solved by public relations; they can only be solved by public responsibility.

My purpose tonight is to outline a workable program for economic recovery. A program—not a panacea.

We are a rich and resilient nation. Surely we can recover our economic health; surely, with better policies and clearer leadership, we can put this nation back on the upward road of economic growth.

We owe it—to the tens of millions of American families who are not rich; who do not have unlimited resources—to launch a program of economic action.

Six steps, in my judgment, could put us back on the road to economic health.

First, three short-term measures that can help right away. And next, three long-term measures that will protect our economic well-being for many years to come.

The first step is action—decisive action—to channel loan money in the most productive directions. We need urgently to expand the output of America's factories and industries—so that they can supply more houses; more energy; more food. One way to do that is to make it possible for essential industries to get the loan money they need.

In my judgment, the President should waste no time in communicating with banks, insurance companies and other lending institutions. He should urge them to launch a voluntary program of credit discipline—aiming the new loans they make toward the neediest and most potentially productive areas—like the housing industry. He should urge the great lending institutions to hold back on loans that do not contribute to the creation of items in short supply.

To reinforce this program of selective credit, Congress should act to give the Federal reserve more flexibility—enough flexibility to guarantee a reasonable level of loans to encourage home building, to expand manufacturing capacity and to help small businesses.

Meanwhile, we should look, with a careful eye, at the flow of dollars away from the United States into foreign banks and treasuries.

Earlier this year all restrictions on the outflow of U.S. investment money were lifted. Since then, our own banks have increased their loans to foreign customers by $2½ billion. Those loans, called flight money, are flying away when they could be used at home.

It seems to me that when millions of Americans can't get home loans, when American businessmen can't get financing, we should put some restraints on the flow of our dollars out of the country; we should cut back on loans and government grants to other countries. Certainly we have obligations abroad. But our first obligation is to our own people, here at home.

Second, the President should establish, right away, a Cost of Living Task Force—to keep track of price increases and wage settlements in the coming months—and to offer guidance to business and labor about what is best for the Nation.

I would not advocate a return to wage and price controls. But the President has no machinery for telling business and labor what is responsible. If he does not seek legislation to establish a Cost of Living Task Force, then Congress must move on its own.

A third immediate step: we must step up our efforts to rein in Federal spending. The President last week paid tribute to budget reform legislation recently passed by Congress. He did not mention that this legislation was initiated wholly within Congress; approved overwhelmingly by both the House and the Senate—without leadership or encouragement from the White House.

The United States Congress, in my judgment, is serious about fiscal responsibility. But I think it is fair to ask, how serious is the Administration? The President complains about spending; he blames Congress for spending. But his Administration requests—more and more spending.

In 1969 the President inherited a $3 billion budget surplus from President Johnson. Since then he has recommended to the Congress more deficit financing than any President since World War II. Mr. Nixon is the first President to propose a $200 billion budget—and the first to propose a $300 billion budget.

The appropriations bills acted upon by the House earlier this year—and those currently before the Senate—represent a reduction from the President's request of almost one-half billion dollars. I think I can assure you that further reductions will be made.

Some Administration spokesmen, for example, insist that there is no room for any reductions in the Pentagon budget. I support—and almost every Democrat in Congress supports—a strong national defense. But an Armed Force that has more Lieutenant Colonels than Second Lieutenants; an Armed Force with one of the highest ratios of support troops to combat troops has room for some real budget savings.

My final three proposals are long-range measures. But they are equally vital to our long-term well-being—to your hopes for your family.

Point number four: We should act now to reform our tax system. When the President spoke last week, he did not mention taxes—except to say that they should not be raised or lowered. He ignored one of our most pressing economic opportunities: tax fairness—fairness in laws for the families who pay their taxes—and fairness in enforcing those laws.

It makes no sense to offer a few prosperous citizens tax loopholes and tax shelters for unproductive investments. We should remove such shelters. By doing so, we can spur investment in areas where money is needed to increase production and bring down prices. Eliminating unfair tax shelters will increase tax revenue—and give a break to low and moderate income taxpayers.

Certainly we should end tax breaks for building factories in foreign countries. I think our tax laws should encourage businessmen to build plants here at home. Our goal should be to send our *goods* abroad and keep our *jobs* at home. We should end tax breaks that send American dollars to build factories in foreign countries.

Most important, when it comes to this principle of fairness: we should stop using our tax laws to encourage foreign oil and gas production. The energy crisis has taught us that if our nation is to be secure and self-sufficient, we must produce more energy here at home. And we must depend less on oil from the far corners of the world.

The fifth item in this six point program is an action plan to increase the productivity of our business and industry.

In my judgment, the working people in this country have an excellent record of cooperation in the fight against inflation. Wage increases during the last few years have been modest in comparison to price increases. Strikes, work stoppages, and labor disputes have been surprisingly few over the same period.

Yet, the President, on nationwide television, has told us that people are wanting too much—and working too little. I disagree.

What is the real way to increase our nation's productivity? One way is to devote more attention—and more money—to re-

search and development, especially in food production. Our farmers have become the most productive and efficient in the world. And research is the reason why. Research to develop higher yields of food and fiber has meant more income for the farmer—and cheaper food for your table. But since the 1950's, unfortunately, a shrinking portion of the Agriculture Department's budget has been devoted to research.

That was a kind of economic myopia. This Congress turned that trend around—and that is good news. Because research to increase food production is one area where Federal spending helps fight inflation—by lowering prices.

Meanwhile, we should make a major national commitment to job training—to provide more people with skills they can use. Because education—vocational education and retraining programs—have always provided a high return to the Federal treasury. They increase the number of Americans making a productive contribution to our national life. And most important, these programs take people off the unemployment rolls and put them on payrolls.

My sixth and final point is perhaps the most important of all: the Administration must put its own economic house in order.

President Nixon spoke last week about the need for *steadiness* in fighting inflation. "The key to fighting inflation," he said, "is steadiness."

Certainly he was right. Nothing can more quickly undermine a President's economic efforts than the appearance—or the fact—of vacillation; of inconsistency; of desperate trial and error.

That is why so many of us in the Congress have been troubled, for the past five years, by the drastic fluctuations in the President's economic efforts: the on-again, off-again controls; the sudden freezes and phases; four Treasury Secretaries, four budget managers, six wage and price controllers, five energy chiefs, three Chief Economic Advisors. And now, another newly-created post: an "Economic Counselor." The President's economic efforts have seemed to be—or have been—a patchwork.

Too many changing policies, replacing one another.

Too many conflicting voices, contradicting one another.

Too many trials—and far too many errors.

Sadly, only four things have really been steady: steadily rising prices; steadily dwindling confidence; steadily cheerful assurances from the Administration—followed by steadily worsening results.

This is the steadiness of failure—not success.

The Russian Wheat Deal and the energy crisis are just two examples of the failure of government to look ahead and provide wisely for our own economic security.

Whatever happened to those shrewd Yankee traders? The wheat deal sharply increased the price of bread for your family. And your government's failure to foresee and forewarn us about the energy crisis helped put you in a long gasoline line last winter.

The Federal Export-Import Bank—to cite another example—borrows from our hard-pressed money markets so it can lend Russia $180 million for a fertilizer plant. It makes another loan to Algeria for 20 oil drilling rigs. Yet here at home, shortages of fertilizer and a scarcity of drilling rigs are hindering our efforts to produce more food and fuel. To make matters worse, the Export-Import Bank offered these loans at one-half the interest rate a U.S. company would have to pay. That is neither fair nor wise—and we should stop making such mistakes.

For every man, woman and child in the United States, there are ten Federal forms to be filled out each year. Just filling out government forms costs this nation's small businessmen about $18 billion a year—most of which is passed on to you at the cash register. A bill is presently moving through the Congress to cut down this expensive burden of paperwork. I think the Federal government should make a complete review of other laws and regulations—with an eye toward scrapping or changing those that cost more than they're worth.

Six steps toward economic health. Some small, some large. Some for the short-term—some for years to come. Certainly this six-point program does not exhaust the possibilities for action and decision. But it underscores the fact that there are things to be done—more than the Administration is doing now.

In every moment of difficulty we have lived through as a nation, we have saved ourselves by summoning up wise and honest leadership—and then we have tackled our difficulties in the active, not the passive voice. That is what we must do now.

There used to be a saying that Democratic Administrations were good for wage earners while Republican Administrations were good for business. The past five years prove the emptiness of that myth. For this Administration's economic policies have been bad for everyone.

Ask the man who is holding two jobs to make ends meet.

Ask the businessman who has tried to raise capital for a new plant; ask one of the 52,000 businessmen who have been forced to close their doors in the last five years.

Ask the homemaker standing at the cash register watching her $20 bill buy one lonely sack of groceries. Ask your neighbor who is poor, or old, or out of a job tonight.

Of all the shortages in our country today, our most critical shortage is the shortage of leadership—sound, effective leadership.

For sixteen years before I came to the United States Senate, I was a businessman. In my experience I found that when the average working man and working woman in this country do well, business does well—the country does well.

So I reject the old "trickle down" economic theory of the President and his economists.

Any gardener knows that you do not water a plant on its leaves and hope it will trickle down to the roots. You nourish the roots.

Well, the roots of this great nation are its working people. They pay most of the taxes to support our public institutions. They fight our wars when the need arises. They provide the muscle for all of the progress we have enjoyed through our rich history.

Let us provide broader opportunities for them to become consumers, jobholders and taxpayers. Then, perhaps, the leaves will turn green again and the entire economy grow more productive.

The answer to our present difficulties must be to nurture and encourage the working families of America—not to ignore them; not to patronize them with empty promises and slogans.

The program I have described tonight offers us—I believe—a way up and out of our difficulties. It emphasizes growth rather than stagnation.

As President Kennedy used to say: A rising tide lifts all boats. I have spoken frankly about the difficulties we are facing—because I believe that nothing can be gained by papering them over, or covering them up.

## APPROPRIATIONS FOR THE DEFENSE CIVIL PREPAREDNESS AGENCY

Mr. HUGH SCOTT. Mr. President, I am delighted that the Senate yesterday approved the Committee on Appropriations' recommendation (H.R. 15544) for an appropriation of $63.4 million for operation and maintenance of the Defense Civil Preparedness Agency for fiscal year 1975. This funding will enable the Agency to provide maximum assistance to States when faced with natural disasters, such as floods and tornados, and it restores a full program for disaster training and education.

I favor any action by Congress to assist citizens in preparing for and coping with disasters. Many Pennsylvanians have suffered from floods in past years, most notably 2 years ago when Hurricane Agnes caused severe damage in the Wilkes-Barre area. It is my sincere hope that terrible disasters like the Hurricane Agnes flood may be avoided through expert contingency planning. I hope the Commonwealth of Pennsylvania will be spared such terrible burdens in the future by alert study of past disasters.

## RHODESIAN CHROME

Mr. CANNON. Mr. President, last year for the third time in 3 years, the Senate debated the issue of Rhodesian chrome. The issue was the same then as it was the year before and in 1971 when the Congress first adopted the Byrd amendment, which permits the importation of strategic and critical materials from Rhodesia as long as they can also be imported from Communist-controlled countries. On December 18, 1973, the Senate passed S. 1868 which would impose the former sanctions and sent it to the House where it was referred to the Committee on Foreign Affairs. That committee favorably reported it out on June 27, 1974 and it now appears on the House calendar for an early vote.

The issue is obscure and remote from the lives of most Americans. It is also complex, involving our national need for supplies of critical materials which are not produced in the United States or even in all of North America, and involving our relationships with the United Nations. It is an issue which deserves careful and thoughtful review. My aim today, therefore, is to provide a careful outline of my reasons for continuing to support the Byrd amendment and opposing the enactment of S. 1868, now H.R. 8005, which would repeal it.

The principal commodity affected by the Byrd amendment is chrome ore, specifically metallurgical chrome ore, because in Rhodesia are located the free world's largest deposits of high-grade metallurgical chrome ore. Other types of chrome ore, including chemical grade and refractory grade, are found elsewhere in the world, but the metallurgical grade is by far the most important kind in terms of both economics and national security. The importance of metallurgical chrome is heightened because the world's other major sources are the Soviet Union and South Africa, although much smaller quantities are found in Turkey, Iran, and India.

Metallurgical chromite in the form of ore as it comes from the mine cannot be

employed by the steel industry or by other industrial users. It must first be converted into one of several types of ferrochromium by a high-temperature smelting and reduction process. This process is carried out by the ferroalloys industry—which also converts manganese ore into various types of ferromanganese and ferrosilicon for use by steel producers and the aluminum industry.

METALLURGICAL CHROME AND THE NATIONAL SECURITY

Chromium is one of the most important and indispensable industrial metals. Current U.S. consumption of metallurgical chrome ore totals about 700,000 tons per year. None is mined in the United States or in North America.

Ferrochromium is irreplaceable for the production of stainless steel and other types of high-performance steels and superalloys, where the chromium imparts vital resistance to heat and corrosion. About 10 percent of domestic production of these steels goes directly to military and defense applications. Modern jet airplanes, nuclear submarines and warships, for instance, cannot be built without metallurgical chrome. Eighty-five percent of stainless steel is devoted to other essential uses, such as oil refineries, hospital equipment, food processing machinery and chemical plants. Only about 5 percent of U.S. chrome usage goes to household appliances and kitchen tools.

When the United States began to designate strategic materials for stockpiling and defense purposes in 1939, chromium was one of the first four commodities to be listed. The stockpile consists of metallurgical grade chromite and of several types of ferrochromium.

In April 1973, President Nixon proposed a new stockpile disposal legislation based on stockpiling essential needs for a 1-year period. In the case of chrome, the stockpile objective would be reduced to 445,000 tons. The legislation is pending before the Armed Services Committee, but no hearings have been held.

Mr. President, with the press of other business before the Armed Services Committee this year, the Subcommittee on the National Stockpile and Naval Petroleum Reserves, which I have the honor of chairing, has not scheduled hearings on the President's proposals for considerably revising our stockpile objectives and policies.

Until we examine our stockpile reserves and measure them against our national security requirements in a careful, thoughtful fashion, it would be seriously irresponsible to contend that we can cut ourselves off from foreign sources of chrome and use up the stockpile.

Furthermore, we cannot ignore the fact that our principal source for metallurgical chrome ore is still the Soviet Union. There is no reason to cut off this supply, or to turn our back on it. But our interest in "détente" with the Soviet Union certainly does not mean that we can count on them as a continuing source of one of our most critical materials in every circumstance. We would be foolhardy to accept that kind of a bear hug.

PRICES OF METALLURGICAL CHROME

The prohibition against importation of chrome from Rhodesia in the 1967–1971 period produced a market increase in the price of Russian chrome. The U.S. Bureau of Mines Mineral Yearbook for 1970 states,

> Metallurgical grade chromite prices rose for the fourth successive year, continuing the trend initiated in 1967, primarily as a result of continued United Nations economic sanctions against Southern Rhodesia.

The price of Russian chrome dropped sharply after the enactment of the Byrd Amendment in 1972.

Its repeal is likely to result in a substantial increase. When repeal of the Byrd amendment was under consideration in 1972, suppliers of chrome forecast an immediate 20 percent price increase if imports from Rhodesia were banned again. If history repeats itself, repeal of the Byrd amendment would also result in a 20-percent increase in the price of Russian—and Turkish—chrome ore.

EFFECTS OF BYRD AMENDMENT ON THE FERROCHROME INDUSTRY

By producing a reduction in the price of metallurgical chrome ore, the adoption of the Byrd amendment has directly and usefully benefited the domestic producers of ferrochrome. It has reduced the cost of their essential raw material—whether obtained from Russia, Rhodesia, Turkey or elsewhere—and made them more competitive. Even if there have been no price reductions, the availability of alternate sources of ore is beneficial.

However, the U.S. ferroalloy industry has faced severe competition from imports of ferrochrome and ferromanganese for more than 15 years. Lower cost imports from foreign countries have put, and are continuing to put, increasing pressure on the domestic industry. There are a number of causes for this import competition. Among them:

First. The natural desire in many mineral-rich countries of the world to upgrade their products as much as possible. The ore-producing countries, including those who produce both chrome and manganese ore, seek to upgrade their products into ferroalloys and retain for themselves the economic benefits of such processing. Rhodesia and South Africa are doing this. Russia, too, must also be thinking of such moves. It may be further encouraged to do so if the Congress agrees to most favored nation tariff treatment for Russian goods. Such a move would reduce the duty on Russian ferrochrome by 75 percent.

Second. Forward integration efforts such as these by mineral-rich countries are spurred by specific savings that can be realized in transportation costs which may, in the case of chrome, account for 25 percent or more of total costs. It takes about 2½ tons of chrome ore to produce 1 ton of ferrochrome; the transportation rate per ton, however, is the same for the ferroalloy as it is for the ore. The ferroalloy producer who is located where the ore is found thus has a 50 percent or greater saving on his ocean freight costs.

Third. Electric power costs account for somewhere between 10 and 20 percent of the production costs for ferroalloys. The energy crisis in the United States is an important fact of life to the entire domestic ferroalloy industry which is power intensive and requires large quantities of electric energy. Rising costs of fossil fuels, the imposition of air pollution requirements on electric generating stations, and other factors are producing strong upward pressures on the costs of electric energy in the United States. In many of the producing countries today, the cost of electric power is significantly less than that in the United States.

Labor costs are, in contrast, not a very significant factor. For ferrochrome labor costs account for only about 10 percent of the production costs. While U.S. wage rates are much higher than those elsewhere in the world, U.S. productivity is much higher. Therefore, foreign ferroalloy producers do not have a significant labor cost advantage.

Imports of ferroalloys have accounted for somewhere between 20 and 40 percent of the domestic consumption of ferrochrome and ferromanganese over the past decade. Lower-priced ferroalloy imports put a severe squeeze on the earnings of the domestic producers and denies them the funds needed for modernization and expansion. This reality has made it all the more difficult for the domestic industry to respond to the current requirements for air pollution control and to meet the rising levels of electric energy costs.

These problems existed for some years before the Rhodesian sanctions were imposed but the imposition of sanctions in 1967 significantly aggravated the situation for the domestic producers of ferrochrome. The sanctions deprived them of the best source of lower cost chrome ore and made them depend instead on higher cost Russian or Turkish ore. Their competitive position and economic health suffered correspondingly. Adoption of the Byrd amendment benefited the industry—but not enough to reverse these trends.

None of this is particularly new and the fact that imports of ferrochrome are a serious problem for domestic producers can hardly come as a surprise to anyone familiar with the industry or to those in the government with responsibilities in this area. As early as 1963, the domestic ferroalloys industry petitioned for governmental relief and assistance under the national security provisions of the Trade Expansion Act. This petition and a subsequent one were both denied.

Another major factor which has affected the domestic ferrochrome industry was the increase in imports of stainless steel from Japan and elsewhere, which produced a significant and serious drop in the domestic production of stainless steel during the 1967–71 period and a corresponding drop in ferrochrome demand.

Caught between increasing imports and a declining market, profits of the U.S. ferrochrome industry were seriously eroded to the point where, in some cases, production is no longer economically feasible.

THE STAINLESS STEEL AND SPECIALTY STEEL INDUSTRIES

The price and competitive availability of chrome—specifically ferrochrome—are of critical importance to the stainless and specialty steel industry of the United States. Stainless steel has a chrome content of 18 percent. Some special steels contain much higher amounts than that. Obviously, then, the cost of chrome is a significant factor in production of these steels.

Its importance is heightened if foreign steel producers, who have freely evaded the U.N. sanctions against Rhodesia since 1967, are again able to procure their raw materials for as much as 30 percent below the cost to American steelmakers. Although chromium accounts for an average of only 16 percent of stainless steel content, it represents fully 25 percent of the raw material cost for stainless production. Reimposition of the embargo would give foreign producers an automatic 6 percent cost advantage over American steelmakers. The penetration of foreign specialty steel into the American market would almost inevitable increase. Furthermore, Rhodesian chromium would enter this country, undetectable, in the form of stainless steel—as it did before enactment of the Byrd amendment, nullifying whatever effect the sanctions may have had.

SANCTIONS AGAINST RHODESIA ARE NOT PRODUCTIVE

The concept of general economic sanctions to achieve political goals has historically met with mixed success. Napoleon's effort to isolate England was a classic failure. The League of Nation's sanctions against Italy were a model of futility.

Prior to the sanctions resolution, Rhodesia relied upon agricultural products—primarily tobacco—for foreign exchange earnings. Manufactured goods were largely imported. Immediately following imposition of the embargo, the Rhodesian Government initiated a policy of self-sufficiency. Sanctions required extensive diversification of industry, but also granted a captive market to domestic suppliers. The results have been dramatic.

Since independence, Rhodesia's gross domestic product has sustained a growth rate of 10 percent a year. In 1971, manufacturing recorded a 15 percent advance, as textiles, nonmetallic minerals, foodstuffs, metals, transport equipment and machinery registered gains of better than 10 percent. Between 1964 and 1971, Rhodesia's total industrial output increased 70 percent, while the value of new construction doubled. Even the mining sector, one of the prime targets of the embargo, has been growing at a record pace. The value of mining output grew 6.7 percent in 1972 alone and topped 1967 production levels by over 95 percent.

Since imposition of the sanctions, over a hundred cases of evasion have been reported to the United Nations by Great Britain. These represent only the tip of the iceberg: sanction-busting continues to occur on a monumental scale.

South Africa and Portugal ignored the embargo from the outset. They were soon followed by Eastern European countries and parts of the Middle East. Finally, Western Europe and Japan entered the Rhodesian market with a vengeance. West Germans, Dutch, Italian, Japanese and Swiss companies have been blithely ignoring the embargo since 1968.

Despite the sanctions, therefore, this country of only 6 million inhabitants exported over a quarter of a billion dollars worth of goods last year.

The sanctions have been so flagrantly violated, few knowledgeable people seriously argue its effectiveness.

When the U.S. Ambassador to the United Nations charged widespread sanctions violations by several countries, none even bothered to respond.

The only excuse for the sanctions against Rhodesia was an official disapproval of the policies of its government. But we hardly approve of the policies of the Soviet Union either. What is wrong with buying what we need where we can get the best price and an adequate supply? Nearly everybody else does. My motive in supporting Rhodesian chrome importing is to protect the national security of the United States. I am unable to determine if Russia's prejudice towards Jews is more defensible than the Smith government's toward Africans.

Neither am I too happy about the resumption of last October's Mideast war which was made possible by the Soviet Union quietly and consistently sending tanks, arms and aircraft to the Arab nations and I might add, some of its most modern and sophisticated equipment. The individual shipments were not large enough to alarm the West, but the overall flow of arms was steady and accumulated over the months to make the Arab strike possible. And we now have had a resultant oil embargo and associated energy crisis and yet there are those who want the United States to once again become dependent upon the Soviet Union for chrome.

We cannot afford to have our economic strength used as a pawn in political or social contests, and we should not restrict our access to essential raw material for reasons like that.

I voted against S. 1868 for all those reasons and want my colleagues in the House to know these facts when voting on H.R. 8005.

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## THE FERTILIZER SHORTAGE

Mr. STEVENSON. Mr. President, I recently submitted a statement concerning the fertilizer shortage to the Subcommittee on Agricultural Credit and Rural Electrification of the Senate Committee on Agriculture and Forestry. I ask unanimous consent that the statement be printed in the RECORD, with supporting documents.

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

STATEMENT BY ADLAI E. STEVENSON

Ours is the most productive agriculture in the world. But as technology increased productivity with better farm machinery, better seeds, and better fertilizers, it created a whole new set of problems. If one of a number of ingredients becomes unavailable, the agricultural machine slips into a lower gear, and the economic, social, and political reverberations are felt everywhere in the world.

If a few industrialized nations fall short in their fertilizer production, the peasant in Burma may find that his miracle rice is useless, the factory worker in Siberia may find that he cannot get enough bread to feed his family properly, and the farmer in Illinois may find he cannot make a decent living by working his land.

There are those who still say that we can sit back and let the market solve each and every supply-and-demand problem which comes along. I disagree. When serious supply problems arise with basic commodities such as food, fuels, and fertilizers, it is grossly irresponsible for public officials to say "There is nothing we can do—except trust in the invisible hand."

That is the one thing we cannot do—unless we are willing to let economies collapse, governments topple, and people starve. The assured availability of fertilizers and other basic commodities should be an explicit national goal. In furtherance of that goal, it is incumbent upon the Congress and the Executive Branch to formulate an effective, coherent fertilizer policy. It is in that connection that I advance the specific ideas which follow.

THE NATURE OF THE PROBLEM

Over the past four years a wide gap between fertilizer demand and fertilizer supply has opened up—a gap which is likely to persist through at least 1976.

This past year alone 19 million U.S. acres which had previously lain fallow were put into production. Many of those acres are marginal and require intensive fertilizing. As other nations attempt to coax greater yields from limited amounts of arable land, they have added substantially to global fertilizer demand.

A number of densely populated nations which lack hard currency reserves—notably India and Bangladesh—are finding it extremely difficult to buy fertilizer on the world market. A number of nations—including Belgium, the Netherlands, Romania, and Hungary—produce more fertilizer than they consume, but they are selling all of it for hard currencies; and so are we. Thus, a disproportionate share of the sacrifices occasioned by the fertilizer shortage is being borne by those least able to assume the burden—the poor and the weak masses in the Third World.

Supply cannot quickly expand to meet rapidly increasing demand. Approximately three years must pass before a fertilizer plant reaches productive capacity, and while several new ones are planned in this and other countries, they will not be operative until 1976 or 1977. Last year, the inability to produce sufficient fertilizer resulted in a domestic shortage of seven to ten per cent in nitrogen and phosphate fertilizers. A shortage of similar magnitude is forecast for the coming year.

The spread between world supply and world demand is difficult to chart because data is difficult to obtain and evaluate. Nitrogen consumption, however, is expected to be approximately 2.8 million metric tons greater

than last year's, with somewhat lesser increases for phosphate and potash. On a world-wide level, about a two per cent spread exists between the supply and demand for nitrogen. That spread is enough to drive up the world price substantially.

The problem must be analyzed and attacked on two broad fronts—production and distribution.

PRODUCTION

On the production side, we must in the short run make the best possible use of existing capacity, and in the medium and long run expand and diversify our productive capacity.

The key to proper utilization of existing capacity and to stimulation of investment in additional capacity is natural gas, which is itself in very short supply.

In the Senate Commerce Committee, I have been working on a bill which will reform the regulation of natural gas—a bill which will allow the necessary incentives for increased production, while guaring against the disastrous inflationary impact of uncontrolled price increases in a non-competitive market. We must not make the same mistake with natural gas that we made with oil—price increases which create economic hardship and produce profits far in excess of the industry's capacity to reinvest in oil and gas exploration.

Title I of the Consumer Energy Act, which is the product of 20 hearings, 150 witnesses, and 8 months of hard negotiations, will be ready to go to the full Commerce Committee within the next two weeks. This legislation will recognize the priority nature of agricultural uses of natural gas, particularly the manufacture of fertilizer, during times of shortage. Most important, it will provide the price incentives needed to increase natural gas supplies without placing an undue burden on the American consumer or more extortionate profits in the hands of the nation's major oil companies.

This legislation will be a step in the right direction. But unfortunately, if the Congress completes action on a natural gas bill tomorrow, it will not have any significant effect on natural gas supplies for this or the next several winters. The natural gas shortage is going to get worse before it gets better. It is thus essential that we face up to the need for an allocation and curtailment program that reflects the most important and efficient uses of natural gas right now.

To its credit, the FPC has established curtailment priorities which recognize the overwhelming importance of natural gas used to meet basic human needs. Thus, residential and small commercial consumers are given the highest priority. Keeping warm in one's home or place of business is clearly a basic human need.

Having enough to eat is also a basic human need; and the natural gas used as a feedstock in the manufacture of fertilizer is as important to the basic human need for food, as the natural gas burned in our homes is to the basic human need for warmth.

Yet by rejecting the agricultural priorities called for in S. Res. 289, the FPC in its decision rendered July 16, 1974 underscored the inadequacy of its own priority system. Currently natural gas used as a feedstock for the manufacture of fertilizer has the same priority as natural gas used as a feedstock for the manufacture of hula hoops. Interruptible natural gas contracts for the manufacture of fertilizer are placed in a lower priority than firm contracts for the manufacture of hula hoops.

I can understand the Commission's reluctance to begin allowing across-the-board exceptions for individual industries, as opposed to adhering to their carefully worked out industrial priority system based on volumes, substitutability, and type of contract.

But since the Commission has already chosen to single out certain uses such as residential consumption because of their relation to a basic human need, the precedent is already established for granting special priority to industrial uses essential to basic human need such as food production. The use of natural gas as a feedstock for the manufacture of fertilizer, whether under a firm or interruptible contract, should have a priority right behind that of the residential and small commercial user. If the FPC cannot recognize this basic need, the Commerce Committee stands ready to develop the necessary legislation.

The Congress simply cannot stand by while something as essential to our food production as the manufacture of fertilizer is not given the priority it deserves. The Commission has proposed a case-by-case review of the natural gas needs of individual fertilizer plants. Under this system, the most any plant could receive would be the amount it received the previous year. Aside from being inefficient, this approach takes no account of the critical need for expanded fertilizer plant capacity.

To increase production we also need to expand fertilizer capacity. Capacity has not expanded as rapidly as it could have for several reasons. In the early to mid-1960's, fertilizer producers expanded too rapidly, and then lost profits when demand eased later in the decade. The losses amounted to as much as $150 million a year in the United States alone, and producers are understandably hesitant after that experience to plunge back into production.

But we would be wrong to accept that experience as the sole explanation of stagnant productive capacity for nitrogen fertilizers. Gulf, Continental, Cities Service, Mobil, Shell and Atlantic Richfield—once major investors in the fertilizer industry—bailed out when the going got rough. Now that they are earning profits in oil of two to three times what they earned last year, they have little incentive to reinvest in fertilizer production. We know, too, from our experience with the oil industry that reluctance to expand productive capacity may be motivated by a desire to bring about a shortage which will create windfall profits rather than by the unavailability of raw materials.

The Federal Trade Commission has already embarked on an investigation of the competitive practices in the oil industry. I have today written the Chairman of the FTC urging that immediate consideration be given to a similar investigation of the nitrogen fertilizer industry.

As so often happens when a critical commodity is in short supply, grey markets in fertilizer have developed, and there are persistent reports of widespread gouging and sharp dealing.

Most producer-suppliers have put their dealers on allocation. Typically the dealer is limited in current purchases to a percentage of past purchases, often 80% of average purchases during the past three years. Dealers who want to engage in gouging—and many dealers are not doing so—are reluctant to do it themselves because they will thereby alienate steady customers. Instead, they may quietly sell a portion of their allotment to fast-buck artists called brokers, who in turn gouge the farmers. There are no indications I am aware of that producer-suppliers are doing anything to police their dealers, or otherwise to discourage this practice. In my judgment, it is imperative that the Department of Agriculture and the Department of Commerce investigate the situation and encourage producer-suppliers to institute preventive measures. If the gouging continues unabated, the pressures for export controls can and should intensify.

As we focus on the production of fertilizer, we should work on as broad a scope as possible. One way to diversify our efforts is to encourage the use of organic fertilizer. A recent project in Chicago and Fulton County, Illinois shows that a city's sludge can be used as an effective and economic fertilizer. This project offers great promise because it shows that sludge can be used to reclaim land and is an effective fertilizer. To develop this source of fertilizer, I introduced legislation which would authorize federal programs to use sludge to reclaim strip-mined land. That legislation recently passed the Congress as part of the Surface Mining Reclamation Act, and will soon go to Conference.

Mr. Chairman, we should encourage research which would develop organic fertilizer and we should encourage farmers to use it—because it is effective and potentially abundant. It occurs to me that this organic fertilizer could also become a larger source of fertilizer for higher priced lawn, garden and golf course uses, freeing up some inorganic fertilizers for agricultural purposes. I am, therefore, urging the Environmental Protection Agency to expand demonstration projects which utilize such fertilizer and to develop public information programs in those areas where the demonstrations occur.

DISTRIBUTION

In the short run, we are going to have fertilizer shortages. The best we can do in the short run is to improve the distribution system so that scarce supplies are widely available at a fair price and on an equitable basis.

The first change that should be made on the distribution side is the immediate suspension of special tax breaks for fertilizer exporters. In 1971, the Congress established the DISC program to encourage exports through tax breaks. Because it makes no sense to encourage the exports of items in short supply domestically, Congress also enacted a clause permitting the President to suspend DISC tax breaks on the export of any commodity the supply of which is "insufficient to meet the needs of the domestic economy".

Despite the fact that there is not enough fertilizer—especially nitrogen—to meet domestic demand, the Administration continues to allow exporters of fertilizer to receive special tax breaks as they sell the fertilizer out from under our farmers. In 1972, $136 million worth of fertilizer exports received DISC benefits. This year the comparable figure is probably close to half a billion dollars. Of the 157 categories of manufactured goods into which the Treasury divides all exports, fertilizers rank 19th from the top in terms of lost revenues. The top 20 includes other items in short supply: industrial chemicals, drugs, plastics, mining equipment, and fabricated metal products. The Administration has not suspended DISC tax breaks on any of these items, either.

In May, 1974, I asked the Department of Agriculture to provide me with its position on whether DISC tax breaks on fertilizer exports should be suspended. On July 10—two months later—an answer arrived. The Department does not support a suspension of DISC tax breaks for fertilizer exports and neither does the Administration. I ask unanimous consent that the USDA statement of July 10 be reprinted at this point in the record.

If the Administration fails to suspend DISC benefits for exports of fertilizer in short supply, the Congress should do so—as I have proposed.

A second curious aspect of the distribution picture is that we seem to be selling

large quantities of relatively low cost fertilizer to foreign purchasers, and making up the difference by importing relatively high cost foreign fertilizers. Middlemen do well at both ends, but U.S. farmers and U.S. consumers appear to be footing the bill.

In 1973–74 we exported approximately 1.1 million product tons of nitrogen while we imported approximately 1 million tons. In other words, while we face a shortage of fertilizer at home we are exporting about the same amount that we import. And imports are more expensive than domestic products, if for no other reason than that added transportation costs accrue.

Our phosphate exports and imports show a similar pattern. Our exports increased by more than nine per cent in the last year. While the greatest demand is for nitrogen-based fertilizer, we should carefully watch our exports of phosphate to see that shortages are at the least not aggravated and are actually reduced.

If the price spread between foreign and domestic nitrogen is $125 a ton—and that is a conservative estimate—the export-import criss-cross is costing us $125 million a year. The situation warrants examination by USDA and the Department of Commerce.

Industry should also exercise a greater amount of voluntary restraint in the export of fertilizer than it has in the past. The farmer-owned fertilizer companies, which account for 30% of U.S. production, stopped exporting in 1972 even though the export price was and is higher than the world price. The profit-making fertilizer producers have not followed suit. Unless they do so, export controls may become necessary. I would hope that we will not have to resort to such a drastic step as that.

The third major distribution question involves transportation. This year, the shortage of railroad cars delayed the shipment of available fertilizer from plants in Florida to the Midwest, where fertilizer shortages were fast reaching a crisis level. In response to this urgent problem, I and members of the Committee on Agriculture and Forestry urged the Interstate Commerce Commission to break the transportation bottleneck adversely affecting the delivery of fertilizer. On March 18, the ICC issued a service order requiring eleven different midwestern railroads to deliver 1100 railroad cars to the Seaboard Coastline Railroad in order to expedite the shipment of fertilizer from production facilities in Florida to the Midwest.

Transportation difficulties—particularly the shortage of hopper cars and tank cars—have long been a problem for the fertilizer industry. Transportation bottlenecks regularly occur between February and April, when fertilizer is normally moved from inventories to retail distributors and farmers. Yet, we continually fail to insure the orderly transportation of fertilizer from the point of manufacture to the areas where it is needed. More important, we have allowed our transportation system to deteriorate to the point where even advance planning may not avoid transportation bottlenecks.

To deal with the problem, the Senate has passed S. 1149, the so-called freight-car bill. One element of this bill is the development of a computerized system to help the railroads keep track of and utilize their cars more efficiently. The Association of American Railroads is not waiting for S. 1149 to become law. It has decided to develop its own national computer system. An additional element in the bill is the creation of a $2 billion loan guarantee program for the construction of freight cars and a provision enabling the federal government to construct them if within two years the companies themselves have not done so. I hope that the House will act on the freight car bill this year.

Finally, one of our greatest needs is for the facts. Companies need more information so they can plan their production. We need information so we can provide effective oversight. To deal in part with that problem I am sponsoring an export control bill which provides for regular monitoring and reporting of exports. The bill will improve the situation but will not completely solve the problem.

Mr. Chairman, I have tried to suggest that the fertilizer problem is complex and multifaceted. It requires us to consider many factors as we plan. I commend you and the Committee for your efforts and hope we can work together to develop a sound federal fertilizer policy.

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STATEMENT ON DISC

(Statement by Deputy Assistant Secretary of Agriculture, Richard E. Bell)

We do not think that the DISC tax deferral program can be turned on and off. If DISC is a part of the tax structure, exporters should be able to rely upon it, to base their forward sales planning on its continuation, and not be faced with its discontinuation on short notice.

We all know that the fertilizer supply situation is tight this year. But we do not believe that we should proceed to remove DISC tax eligibility unless it is determined that the supply is insuffcent to meet the requirements of the domestic economy. This would be consistent with the criteria contained in the Export Administration Act governing circumstances in which export controls may be applied.

It is difficult to make an assessment of the effects of DISC on exports of fertilizer since data on the DISC program are only available for 1972. They do not show how much fertilizer was exported under the DISC program nor do they provide information on what proportion of total fertilizer exports received DISC benefits. Also, the results for 1972 would be affected by other factors, notably the currency realignment and domestic price controls.

We do know that export sales became more profitable than domestic sales as a result of domestic price controls imposed in August 1971 and some fertilizer moved abroad for that reason. To correct this situation, fertilizers were exempted from price controls on October 25, 1973, and, in anticipation of increased domestic requirements, U.S. fertilizer producers agreed to make an additional 1.5 million tons of ammonia, urea, ammonium sulfate, diammonium phosphate, and concentrated superphosphate available to U.S. farmers from October 1973 through June 1974. Thus, the total quantity of fertilizer supplied to farmers is substantially above the previous year's total, even though the supply situation remains tight because of the great increase in demand.

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## PANAMA CANAL—A NEW LOOK

Mr. THURMOND. Mr. President, in an address to the Senate in the RECORD of August 2, 1973, I commented at length when introducing S. 2330, a bill to provide for the increase of capacity and the improvement of operations of the Panama Canal, which is identical with H.R. 1517, introduced by Representative DANIEL J. FLOOD of Pennsylvania. These measures would authorize the resumption of construction on the suspended Third Locks project, as modified to include the principles of the Terminal Lake-Third Locks plan, a proposal that originated in the Panama Canal organization as the result of World War II experience. This plan received the support of important navigation interests, and won the approval of President Franklin D. Roosevelt as a postwar project.

Since then, it has been studied by many independent experts who consider that the plan offers the best solution of the canal question when it is evaluated from all significant angles. Among those who have looked into the matter are the members of the Committee for Continued U.S. Control of the Panama Canal. In 1973, these experts submitted a memorial to the Congress on "sovereignty and modernization." Another group of professionals, the Panama Canal Pilots Association, also adopted a strong resolution on the subject last year.

The latest contribution on the canal matter are two articles in the Military Engineer, the journal of the Society of American Military Engineers, which is dedicated to national defense: One by Col. Charles J. McGinnis, a recent Deputy Governor of the Canal Zone, and the second by John J. Kern, managing editor of the Military Review.

The article by Colonel McGinnis summarizes some of the major canal problems mainly from the engineering viewpoint and describes the Terminal Lake-Third Locks plan as the first priority for long-range planning. That by Mr. Kern gives some of the historical background of the canal and lists recent studies. He concludes that future definitive action "will apparently depend on an increase in the pressure areas—economic, military, political, and diplomatic—which originally combined to result in the construction of the present canal." Neither of these articles really comes to grips with the major issues involved, which must be understood and met.

As the 1973 memorial and the pilots' resolution do meet the critical issues and thus supplement the contents of the McGinnis and Kern articles, the combination of the four provide useful sources for reference for cognizant committees of the Congress and others concerned with the canal question.

Mr. President, accordingly, I ask unanimous consent to have four papers printed at this point in the RECORD.

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

[From the Military Engineer, July–August 1974]

A NEW LOOK AT THE PANAMA CANAL

(By Col. Charles I. McGinnis)

The 60th anniversary of the first official transit of the Panama Canal will be observed on August 15, 1974. The SS *Ancon* made a complete transit on that date in 1914. Since then, more than 2 billion tons of cargo and 400,000 ships have passed through the canal with traffic now averaging more than 14,000 ships a year. It has served the needs of world commerce and strengthened the defense of the Western Hemisphere. The canal is a tribute to the engineering genius of those who designed and built it.

The canal has undergone many changes. The operation of the canal was reorganized in 1950 to make it financially self-sustaining. The pressures of increasing traffic resulted in modernizations which have permitted opera-

tions 24 hours a day since January 1963. This was largely assisted by the lights which were installed on both banks of the 8-mile stretch of Gaillard Cut in 1960. The biggest improvement ever undertaken on the canal was completed in 1970—the Gaillard Cut widening project.[1] As a result, ships can now enjoy a full 500 feet of navigable width as opposed to the 300 feet provided in the original construction.

MAINTENANCE AND OPERATION

The problem of maintaining a 60-year-old facility is substantial. A lock canal is complex; the machinery is heavy and extensive. Its tropical location with the effects of sun, rain, humidity, and corrosive salt water are the chief aspects of these problems.

Not all maintenance problems can be predicted. Landslides may be expected in an unstable, inundated valley. The geology of the Isthmus of Panama, particularly that section through which the canal has been cut, is complex. Heavy, dense, and resistant rock has been deposited over weak and yielding clays and shales. Landslide problems which started with construction have continued, though never whether there will be slides, but when and how large they will be.

The problems of operation and maintenance are compounded by the demands of traffic. An increase in ship size requires more time for transit of the locks, special navigational restrictions on passage through Gaillard Cut, and special shiphandling problems in the navigation of Gatun Lake. Leisurely lock overhauls, manual transit scheduling, visual signaling, and extensive periods of interruption for channel maintenance are no longer acceptable. A target of 17 hours average transit time from arrival to departure has been established and adhered to whenever possible. Changes have been needed to meet this target, and more will be required in the future.

SHORT-TERM PLANNING

*Channel deepening.*—The most limiting factor on canal capacity is the available supply of water from Gatun Lake to operate the locks. The operating scheme requires ever-increasing withdrawals of fresh water from the summit lake through the operating culverts to permit lock functioning. The Gatun Lake watershed is extensive but finite. At the present demand rate of about 40 lockages a day, the normal water requirement exceeds 2 billion gallons daily. This approaches the practical limit, even in an area as generously endowed with rainfall as the Canal Zone. It has been decided that deepening the channel is the most effective, short-term method of increasing the traffic capacity of the canal. Deepening will permit the capturing of more water in wet years, a greater lake level drawdown, and the avoidance of unreasonable vessel draft limitations in dry years. The first phase of this improvement is well under way. When completed, the bottom of the channel will have been lowered by 8 feet to an elevation which is then controlled by the lock sill height. This project will yield sufficient water to permit normal operation on the canal at projected traffic levels only to the end of the century. Other alternatives under consideration include rainmaking, salt-water pumping, extra impoundments, and lake water recirculation schemes. These alternatives require extensive study since there is doubt as to their acceptability and feasibility.

*Navigational aids.*—Hazards of fog and heavy rainfall in areas of restricted navigation result in an annual average of 143 days in which shipping will experience delays due to meteorological conditions. Work is in progress to overcome this problem through evaporation supression, use of innovative lighting techniques, and consideration of electronic aids such as radar.

*Lock maintenance.*—Canal designers made appropriate provisions for continuing maintenance. Lock gates require periodic overhaul for corrosion prevention, seal renewal, and rehinging. Gates were originally designed with watertight compartments which provide sufficient buoyancy to assist in their handling. The original maintenance concept for miter gate overhaul required that a lane be out of service for about five weeks. In 1929, miter gate overhauls were scheduled at 4-year intervals. The annual number of lost lane days for each lock under this original concept is unacceptable today. In recent years, through careful engineering analysis and management techniques significant progress has been made in reducing the time necessary for a lock chamber to be out of service for overhaul operations. Through the use of cathodic protection, improved design of valve slide bearings, and more efficient maintenance techniques, the period between culvert valve overhauls has been increased from four years to ten years, and the time necessary to overhaul the machinery in one culvert decreased from 21 days to 6 days. Both lanes remain in service with single-culvert operation during these overhauls. The outage required for overhaul of a pair of miter gates has been reduced from eight weeks to 4½ days.

*Traffic management* is another area where short-term improvement can be effective. Ship schedules were developed in the early days of canal operation using pencil and paper. In the early 1960's a simple analog computer consisting of nails driven in a wooden frame with appropriate risers to represent key control points along the canal, all connected by rubber bands, allowed the preparation of daily schedules of transits. It works on the principle of time-distance computations used in planning troop movements and is reliable and simple. Although it is nearly immune to human error, it fails to consider the many complicating factors which increasingly affect canal capacity. Recognizing the impossibility of maintaining ship schedules on a completely manual basis as the traffic load grows, the Panama Canal Company is now developing a computer-assisted, marine traffic control system. This system is expected to be operational in 1975, and will eliminate the possibility of error in assignment of pilots, tugs, launches, and the many other supporting activities necessary to the successful transit of a ship from ocean to ocean. This new system will be highly interactive with pilots on the bridge, with ship-position sensors at the locks, and with the many officials who dispatch auxiliary personnel and equipment in support of the transit operations.

*Communications and administration.* An improved communications system consisting of a new telephone microwave link across the Isthmus, additional teletype circuits, and an improved UHF pilot radio net will be necessary to support the marine traffic control system. Closely associated with computer-assisted scheduling and control is the Ship Data Bank which maintains various data on each vessel transiting the canal. Scheduling and planning, as well as administrative activity such as assessment of toll charges, are greatly assisted by efficient retrieval of this information. This system became operational in July 1973 and is being converted from a batch process system to an on-line system for random inquiry.

*Motive power.*—Improving canal capacity will require more tugs and locomotives to assist ships through the locks and restricted channels. The present program will add one tugboat to the fleet in 1975 and in 1979. One aging tug will be replaced each year from 1976 to 1978. The original towing locomotives, dating from 1914, were replaced in the 1960's by electric motive power. By 1980, 26 locomotives will have been added to the fleet.

*Bank stabilization.* Earth and rock slides can interrupt traffic at anytime. Stability of slopes in the Gaillard Cut has remained a major challenge throughout the life of the canal. An investigation of bank stabilization was undertaken in 1968 and will continue for two more years. Thereafter, survey stations monitoring areas of the most intense activity will provide timely warning of hill-mass movement, thus permitting corrective action in advance and avoiding costly disruptions to traffic. When all of the most active areas have been instrumented, surveillance should provide the necessary early warning.

*Shiphandling.* The problems of shiphandling and navigation in restricted waters of the canal have increased with increases in ship size. Research has revealed little in the technical literature on engineering principles involved in restricted-water shiphandling. Ships drawing the maximum draft have only five feet between their keels and the canal bottom when at rest. In a waterway 500 feet wide, a ship whose beam is 106 feet occupies a major part of the cross-sectional area. The rapid movement of water displaced by a moving hull results in dangerous forces which must be understood by the control pilot. A better understanding of these forces and a reduction of their impact on the handling characteristics of a transiting vessel are essential to maintenance of the canal's outstanding safety record.

*Port and oil-bunkering facilities.* Although improvements in transit operations have the highest priority, there are additional competing requirements to which attention is given. A port for container-ship operations is being expanded. A large gantry crane has been in operation since February 1974 in the Balboa pier area. The container yard storage area is also being expanded. The container workload has increased by 35 percent during the last 2 years; it has doubled during the past five years. Annual improvements in oil-bunkering facilities are planned through 1982 to modernize the entire system at both major ports of the Canal Zone. Modernization will include new hose-handling equipment and loading arms, meters for billing purposes, and replacement of underpier pipelines.

*Electricity.* The Canal Zone community has an ever-increasing requirement for electric power. Present plans call for installation of a 22-MW gas turbine generator in 1976. A new high-capacity steam turbine generating plant is programmed for 1980.

*Housing and service facilities.* Fifty units of family housing are under design for assignment to Company and government employees. Roads and streets are being widened and modernized. Co-operative plans are being discussed with officials of the Republic of Panama for new, higher-capacity highways through the Canal Zone. Improvements in health care facilities have been programmed to include seismic protection for the Gorgas Hospital, fireproofing of medical facilities, changes to the leprosarium operated by the Canal Zone Government, and improvements to community health centers. Employee services are to be provided in the future from modernized facilities, such as the new service center in Balboa, the new community center in Gatun, and by construction of modernized facilities such as minitheaters and retail stores in areas where marketing surveys show increased demand. National environmental protection laws are applicable in the Canal Zone, as is the Occupational Safety and Health Act, and these laws are responsible for many of the past and proposed improvements. Active projects involve better water quality, oil pollution control, land-based sewage treatment facilities, and

[1] See "Gaillard Cut—Final Widening Project," by Maj. Peter Brindley [M.E. Jan.-Feb. 1969].

planning for installation of marine sanitation devices.

LONG-RANGE PLANNING

*The Third Locks Project.*—Short-term plans and project will permit the canal to grow from its present annual workload of between 14,000 and 15,000 transits to its ultimate capacity of about 25,000 transits a year. The upper limit will vary because the size of ships to be accommodated affects the number of ships at maximum capacity. When the demands of world commerce exceed the ultimate capacity of the present canal, a major investment will be required to continue providing acceptable service. Though the requirement for major change is not expected until after the turn of the century, long-range planning is under way to assure the uninterrupted flow of world shipping. The Third Locks Project has been under consideration since pre-World War II days. The concept was to provide an alternate set of locks on each side of the Isthmus in case of damage to the regular locks. Work was started in 1939 but was suspended in 1942. With each session of Congress, new legislation is introduced to authorize construction of a third set of locks and to provide for additional improvements in Gatun Lake channels and anchorages. H.R. 1517, currently pending before the 93rd Congress, would authorize completion of a third lane of locks with larger chambers. Locks on the Pacific side would be relocated and an anchorage established at a terminal lake on the Pacific side. Gatun Lake would be raised about five feet. This project would increase annual traffic capacity to about 35,000 transits.

*A sea-level canal.*—A commission appointed by President Johnson recommended in 1970 that a sea-level canal be constructed approximately ten miles west of, and generally parallel to, the existing Panama Canal,[2] with work beginning not later than 1985. As an alternative, it was recommended that a sea-level canal be constructed within the Canal Zone using part of the present canal in the new system. The sea-level canal would allow increased annual capacity beginning at about 35,000 transits, with ample opportunity for future expansion.

Both of these expansion alternatives present significant questions of economic, technical, political, and environmental importance. While these questions are far from answered, attention is being given to insuring continued passage of traffic under favorable terms well into the future.

OTHER CONSIDERATIONS

*Political.*—Future relationships between the United States and the Republic of Panama are at present the subject of intensive negotiations between the two governments. Quite clearly, the outcome of these discussions will be of critical importance in the determination of the future of the present canal, the disposition of plans for a new canal, or a decision to undertake major improvements.

*Economic.*—Canal customers have enjoyed use of the Panama Canal over these 60 years without a unit price increase in tolls. Worldwide inflationary pressures and generally increasing operating costs have resulted in a recent proposed increase in tolls of just under 20 percent. This proposal was publicly announced by the Panama Canal Company Board of Directors on December 15, 1973. Public hearings were held on March 5, 1974.

CONCLUSIONS

The Panama Canal on its 60th anniversary faces problems, but it continues to be dependable and efficient. In 20 years the traffic load has tripled and traffic is moving faster but the work force has decreased. Salaries have escalated, the canal has continued to pay its own way, and for more than half a century there has been no change in tolls. The Panama Canal, completed and operated by military engineers, remains a true wonder of the engineering world.

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A PANAMA SUMMARY

(By John J. Kern)

In this sonnet Keats ascribes the discovery of the Pacific Ocean to Cortez. Although his sonnet is a masterpiece, Keats was historically inaccurate since it was actually Vasco Nuñez de Balboa who discovered the Pacific Ocean in 1513 while atop a mountain peak in the Darien province of eastern Panama.

EARLY EXPLORERS

Rodrigo de Bastidas of Seville discovered Panama in 1501 from the Atlantic side. Christopher Columbus explored the area on his fourth American voyage in 1502. Surprisingly, within 50 years of the discovery of Panama, all of the presently discussed possible canal routes across Central America had been identified, described, and to a certain extent surveyed. Alvaro de Saavedra Ceron, a cousin of Cortez, drafted the first plan for a transisthmian canal in 1529. In 1534, Charles V of Spain directed that a survey be made for a ship canal between the Chagres River and the Pacific Ocean.

EARLY HISTORY OF REGION

The Camino Real was in use by 1535 and over it millions of dollars worth of Peruvian and Mexican gold was transported for ocean shipment to Spain. The Panama area was subsequently incorporated into the viceroyalty of New Granada of Spain's western empire. A preliminary Spanish attempt to construct a canal in 1814 was interrupted by a revolt of her colonies. Panama severed political relations with Spain in 1821 and joined with Colombia in the Republic of Greater Colombia. In 1831, New Granada became an independent republic incorporating Panama as a state. Ten years later Panama seceded from New Granada and maintained its independence for thirteen months.

UNITED STATES INVOLVEMENT

The 1846 Treaty between the United States and New Granada gave the United States a transportation concession across the Isthmus in return for a guarantee to protect the sovereignty of New Granada. One year later the Panama Railroad Company was organized, and in 1848 gold was discovered at Sutter's Mill in California. This event soon brought to the Isthmus a tidal wave of immigrants seeking a better route to the gold fields of California rather than the arduous overland route. Congress cooperated in the same year and authorized steamship lines from New York and New Orleans to Chagres and from Panama City to California and Oregon. The economic pressure of an emerging nation was beginning to be felt on the Isthmus.

Difficulties again between Panama and New Granada resulted in Panama's temporary secession in 1853. In 1856 the United States Marines landed to protect the Panama Railroad during a riot. Thus began the military involvement of the United States.

In 1869 a diplomatic agreement between the United States and Colomia (which had changed its name from New Granada in 1861) provided for the construction of a canal. This was rejected by the Colombian Senate. This same year the opening of the Suez Canal focused international attention on a similar canal in Panama. The United States Congress, in 1872, authorized appointment of the first of many such committees—The Interoceanic Canal Commission to determine the most practical route for a waterway between the Atlantic and the Pacific. Its report recommended construction of a lock canal across Nicaragua.

FRENCH INVOLVEMENT

In 1875 Ferdinand de Lesseps, the successful builder of the Suez Canal, proposed a sea-level canal at Panama. The Société Civile International du Canal Interoceanique was organized in 1876 to make surveys and explorations. The negotiations in 1878 between Lucien Napoleon Bonaparte Wyse and the Government of Colombia for a canal concession, and subsequent French proposals of de Lepiney for a lock canal, resulted in counteraction by the United States. On June 25, 1879, the United States Congress resolved that any attempt of a European power to establish a ship canal across the Isthmus would be considered "a manifestation of an unfriendly disposition towards the United States." Thus, politics and diplomacy joined previous United States economic and military pressures for action in constructing a canal across the Isthmus of Panama. Nevertheless, in the same year, the Compagnie Universelle du Canal Interoceanique de Panama was organized with de Lesseps as president. The new company ceremoniously started digging a sea-level canal on January 1, 1880, on the Pacific side of the Isthmus. Excavation of Culebra Cut was started in ten days although it was not until one year later that sizable numbers of French construction gangs arrived at Colon. Within five months, the first deaths from yellow fever occurred among Canal employees.

FRENCH CONSTRUCTION DIFFICULTIES

In September 1882, a severe earthquake damaged the canal railroad and buildings. Internal security remained a problem and in May 1885 Colon was burned during a Panamanian revolution. The following year the status of Panama was changed from a Colombian state to a department governed by federal appointees. Corporate difficulties increased within the Compagnie Universelle. Philippe Bunau-Varilla was appointed canal engineer in 1885, only to be relieved one year later. Construction difficulties increased and it became apparent that a sea-level canal was beyond the capabilities of the French company. The plan was changed to a lock canal in 1887. In 1888, after further unsuccessful efforts, the Compaignie Universelle went into receivership.

Meanwhile, independent United States efforts to build a canal across Nicaragua continued. In 1889 the United States Congress incorporated the Maritime Canal Company which began an unsuccessful four-year effort to construct a canal over the San Juan route. These efforts coincided with the suspension of work by the French company on the Panama Canal. The latter company was replaced by the Compagnie Nuovelle du Canal de Panama, but little progress was made and efforts were further hindered by the start of a five-year revolt against Colombia by Panama in 1898.

ISTHMIAN CANAL COMMISSION

On March 3, 1899, the First Isthmian Canal Commission was created by President McKinley to examine all practicable routes across the Isthmus. A year later, this Commission determined from the engineering aspects that a Nicarguan or a Panamanian route would be about equally feasible. With the expectation of difficulty in acquiring the assets of the French company and operating rights in Panama, the Commission recommended the Nicaragua route. In 1902 the Isthmian Canal Commission reversed its decision and favored adoption of the Panama route after the French company reduced its demands to approximate the appraisal of its assets. United States attention finally settled on Panama as the site of the canal. The Compagnie Nouvelle then agreed to a sale of its canal assets for $40,000,000. The United States Congress promptly granted

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[2] See "A Sea-Level Canal," by Col. Alex G. Sutton, Jr. [M.E. Mar. Apr. 1968] and "A Canal for Tomororw," by Col. James H. Torney [M.E. Mar.-Apr. 1969].

broad powers to the President to construct the Panama Canal.

PANAMANIAN REVOLT AND THE HAY/BUNAU-VARILLA TREATY

On March 17, 1903, the Senate ratified the Hay-Herran Treaty which would grant construction rights in a canal zone in return for payment of $10,000,000 to Colombia and an annuity of $250,000. This treaty was rejected by Colombia on August 12, 1903, and on November 3 the final Panamian revolt against Colombia resulted in a declaration of independence. Three days later the new Government of Panama was recognized by the United States and within an additional 12 days the Hay/Bunau-Varilla Treaty was signed and ratified by both sides, granting United States occupation of the Canal Zone in perpetuity under similar financial terms as originally offered to Colombia Relations between the United States and Panama was thus initiated, and assumed much of their later character.

In 1904 the French canal properties were transferred to United States ownership and in November of that year the first American construction effort began. Work was steadily pushed ahead for the next decade and on August 15, 1914, the SS *Ancon* transited the canal, officially opening the waterway to world commerce.

RECENT STUDIES

*The 1929 Study.*—Several years after the opening of the Panama Canal, concern that traffic demands would eventually exceed canal capacity led Congress, in 1929, to direct a survey in Panama and Nicaragua to decide the feasibility of adding additional locks to the existing canal, or of constructing another canal at some other location. The United States Army Interoceanic Canal Board of 1929–1931 was created and its report, submitted in 1931, proposed three long-term alternatives: a third set of locks for the existing canal; conversion of the existing canal to sea level; or construction of a new lock canal in Nicaragua.

*The Third Locks Project Study (1936–1939).*—Congress authorized the Governor of the Panama Canal to study the possibilities of increasing the capacity of the canal. The study report revised a concept which was considered in the original design of the canal and further revised in the 1929 study, and proposed a third set of locks separated from each of the existing locks. In 1939 the Congress authorized its construction, but the project was suspended in 1942 and has never been resumed.

*The 1947 Report.*— Congress again directed the Governor, in late 1945, to study methods of increasing canal capacity and defenses as well as to consider other alternative routes. Thirty possible routes from Mexico to Colombia were identified and numbered. The report recommended that the existing canal (Route 15) be converted to a sea-level canal by deepening and straightening the existing alignment along a new route called Route 14.

*1954–1960 Ad Hoc Committee for Isthmian Canal Plans.*—The Board of Directors of the Panama Canal Company authorized this study in which recommendations included the first mention of nuclear excavation. The report recommended planning for construction of a sea-level canal using nuclear excavation along a route outside of the Canal Zone. If such plans were not available to implement by the early 1970's, the existing canal was to be converted to a sea-level canal.

*1957–1960 Board of Consultants Study.*—Concurrently with the Ad Hoc Committee's study, the House Committee on Merchant Marine and Fisheries appointed a Board of Consultants to prepare short- and long-range improvement plans. The report recommended that a sea-level conversion project should not be undertaken in the near future, but that the situation should be reviewed by 1970. In the interim, new studies should continue on conventional and nuclear construction methods.

*1964 Isthmian Canal Studies.*—This report was prepared by the president of the Panama Canal Company with the participation of the Atomic Energy Commission, the Corps of Engineers, and consultants. This comprehensive study summarized canal traffic projections and capacity, examined methods of improving lock canal facilities, provided a detailed analysis of the Third Locks Plan and a modification of this plan called the Terminal Lakes Plan, and proposed a sea-level canal within the Canal Zone. This report also set the number of lockages per year which could be accommodated at about 26,000. It also examined the technical feasibility of using nuclear excavation on sea-level canals in eastern Panama and northwestern Colombia.

*Interoceanic Canal Studies 1970.*—This Study Commission, was required by Public Law 88–609 of the 88th Congress, September 22, 1964, to study the feasibility of, and the most suitable site for, a sea-level canal connecting the Atlantic and Pacific Oceans. The Commission was appointed in April 1965 and presented its report to President Nixon on December 1, 1970. Concerning nuclear excavation, the report concludes that this technology will not be available because its technical feasbility and international acceptability has not been established. Using conventional construction means, a sea-level canal is physically feasible and the most suitable site is along Route 10 in the Republic of Panama. Construction cost was estimated at $2.88 billion in 1970 dollars. A suitable treaty should be negotiated with Panama, providing for a unified canal system (existing canal plus a sea-level canal on Route 10) to be operated and defended jointly by the United States and Panama. Construction should be started no later than 1985.

PRESENT LEGISLATIVE STATUS

House Resolution 1517 pending before Congress and would authorize completion of a third lane of locks. Beyond this, there is no legislation pending which would provide for radically altering the existing canal or constructing another canal in some other location. Thus, future definite action will apparently depend on an increase in the pressure areas (economic, military, political, and diplomatic) which originally combined to result in construction of the present canal.

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[Memorial From Committee for Continued U.S. Control of the Panama Canal, 1973]

PANAMA CANAL: SOVEREIGNTY AND MODERNIZATION

*To the Honorable Members of the Congress of the United States:*

The undersigned, who have studied various aspects of interoceanic canal history and problems, wish to express their views:

(1) The report of the interoceanic canal inquiry, authorized under Public Law 88–609, headed by Robert B. Anderson, recommending construction of a new canal of so-called sea level design in the Republic of Panama, was submitted to the President on December 1, 1970. The proposed canal, *initially* estimated to cost $2,880,000,000 exclusive of the costs of right of way and inevitable indemnity to Panama, would be 10 miles West of the existing Canal. This recommendation, which hinges upon the surrender to Panama by the United States of all sovereign control over the U.S.-owned Canal Zone, has rendered the entire canal situation so acute and confused as to require rigorous clarification.

(2) An important new angle developed in the course of the sea level inquiry is that of the Panamis biota (fauna and flora), on which subject, a symposium of recognized scientists was held on March 4, 1971, at the Smithsonian Institution. That gathering was overwhelmingly opposed to any sea level project because of the biological dangers to marine life incident to the removal of the fresh water barrier between the Oceans, now provided by Gatun Lake, including in such dangers the infestation of the Caribbean Sea and Atlantic Ocean with the poisonous yellow-bellied Pacific sea snake and the crown of thorns starfish.

(3) The construction by the United States of the Panama Canal (1904–1914) was the greatest industrial enterprise in history. Undertaken as a long-range commitment by the United States, in fulfillment of solemn treaty obligations (Hay-Pauncefote Treaty of 1901) as a "mandate for civilization" in an area notorious as the pest hole of the world and as a land of endemic revolution, endless intrigue and governmental instability (Flood, "Panama: Land of Endemic Revolution . . ." C.R., August 7, 1969), the task was accomplished in spite of physical and health conditions that seemed insuperable. Its subsequent efficient management and operation on terms of "entire equality" with tolls that are "just and equitable" have won the praise of the world, particularly countries that use the Canal.

(4) Full sovereign rights, power and authority of the United States over the Canal Zone territory and Canal were acquired by treaty grant in perpetuity from Panama (Hay-Bunau-Varilla Treaty of 1903). In addition to the indemnity paid by the United States to Panama for the grant in perpetuity of the indispensably necessary sovereignty and jurisdiction, all privately owned land and property in the Zone were purchased by the United States from individual owners; and Colombia the sovereign of the Isthmus before Panama's independence, has recognized the title to the Panama Canal and Railroad as vested "entirely and absolutely" in the United States (Thomson-Urrutia Treaty of 1914–22). The cost of acquiring the Canal Zone, as of March 31, 1964, totalled $144,568,571, making it the most expensive territorial extension in the history of the United States. Because of the vast protective obligations of the United States, the perpetuity provisions in the 1903 Treaty assure that Panama will remain a free and independent country in perpetuity, for these provisions bind the United States as well as Panama.

(5) The net total investment by the taxpayers of our country in the Panama Canal enterprise, including its defense, from 1904 through June 30, 1971, was $5,695,745,000; which, if converted into 1971 dollars, would be far greater. Except for the grant by Panama of full sovereign powers over the Zone territory, our Government would never have assumed the grave responsibilities involved in the construction of the Canal and its later operation, maintenance, sanitation, protection and defense.

(6) In 1939, prior to the start of World War II, the Congress authorized, at a cost not to exceed $277,000,000, the construction of a third set of locks known as the Third Locks Project, then hailed as "the largest single current engineering work in the world." This Project was suspended in May 1942 because of more urgent war needs, and the total expenditures thereon were $76,357,405, mostly on lock site excavations at Gatun and Miraflores, which are still usable. Fortunately, no excavation was started at Pedro Miguel. The program for the enlargement of Gaillard Cut and correlated channel improvements, started in 1959, was completed in 1970 at a cost of $95,000,000. These two works together represent an expenditure of more than $171,000,000 toward the major modernization of the existing Panama Canal. Under current treaty provisions Panama has proclaimed that the word "maintenance" in the treaty permits "expansion and new construction" for the existing Canal (C.R., July 24, 1939).

(7) As the result of canal operations in the crucial period of World War II, there was developed in the Panama Canal organization the first comprehensive proposal for the major operational improvement and increase of capacity of the Canal as derived from actual marine experience, known as the Terminal Lake—Third Locks Plan. This conception included provisions for the following:

(1) Elimination of the bottleneck Pedro Miguel Locks.

(2) Consolidation of all Pacific Locks South of Miraflores.

(3) Raising the Gatun Lake water level to its optimum height (about 92')

(4) Construction of one set of larger locks.

(5) Creation at the Pacific end of the Canal of a summit-level terminal lake anchorage for use as a traffic reservoir to correspond with the layout at the Atlantic end, which would improve marine operations by eliminating lockage surges in Gaillard Cut, mitigate the effect of fog on Canal capacity, reduce transit time, diminish the number of accidents, and simplify the management of the Canal.

(8) Competent, experienced engineers have officially reported that all "engineering considerations which are associated with the plan are favorable to it." Moreover, such a solution:

(1) Enables the maximum utilization of all work so far accomplished on the Panama Canal, including that on the suspended Third Locks Project.

(2) Avoids the danger of disastrous slides.

(3) Provides the best operational canal practicable of achievement with the certainty of success.

(4) Preserves and increases the existing economy of Panama.

(5) Avoids inevitable Panamanian demands for damages that would be involved in the proposed sea level project.

(6) Averts the danger of a potential biological catastrophe with international repercussions that recognized scientists fear might be caused by constructing a salt water channel between the Oceans.

(7) Can be constructed at "comparatively low cost" and being "an enlargement of existing facilities" without requiring additional "lands and waters" avoids the necessity for a new canal treaty with Panama.

(9) All of these facts are elemental considerations from both U.S. national and international viewpoints and cannot be ignored, especially the diplomatic and treaty aspects. In connection with the latter, it should be noted that the original Third Locks Project, being only a modification of the existing Canal, and wholly within the Canal Zone, did not require a new treaty with Panama. Nor, as previously stated, would the Terminal Lake—Third Locks Plan require a new treaty. These are paramount factors in the overall equation.

(10) In contrast, the persistently advocated and strenuously propagandized Sea-Level Project at Panama, initially estimated in 1970 to cost $2,880,000,000, exclusive of the costs of right of way and indemnity to Panama, has long been a "hardy perennial," according to former Governor Jay J. Morrow. It seems that no matter how often the impossibility of realizing any such proposal within practicable limits of cost and time is demonstrated, there will always be someone to argue for it; and this, despite the economic, engineering, operational, marine biological and navigational superiority of the Terminal Lake solution. Moreover, any sea-level project, whether in the U.S. Canal Zone territory or elsewhere, will require a new treaty or treaties with the countries involved in order to fix the specific conditions for its construction; and this would involve a huge indemnity and a greatly increased annuity that would have to be added to the cost of construction and reflected in tolls, or be wholly borne by the taxpayers of the United States.

(11) Starting with the 1936–39 Treaty with Panama, there has been a sustained erosion of United States rights, power, and authority on the Isthmus, culminating in the reopening in 1971 of negotiations for a proposed new canal treaty or treaties that would:

(1) Surrender United States sovereignty over the Canal Zone to Panama;

(2) Make that weak, technologically primitive and unstable country a senior partner in the management and defense of the Canal;

(3) Ultimately give to Panama not only the existing Canal, but also any new one constructed in Panama to replace it, all without any compensation whatever and all in derogation of Article IV, Section 3, Clause 2 of the U.S. Constitution. This Clause vests the power to dispose of territory and other property of the United States in the entire Congress (House and Senate) and not in the treaty-making power of our Government (President and Senate)—a Constitutional provision observed in the 1955 Treaty with Panama.

(12) It is clear from the conduct of our Panama Canal policy over many years that policy-making elements within the Department of State, in direct violation of the indicated Constitutional provision, have been, and are yet, engaged in efforts which will have the effect of diluting or even repudiating entirely the sovereign rights, power and authority of the United States with respect to the Canal and of dissipating the vast investment of the United States in the Panama Canal project. Such actions would eventually and inevitably permit the domination of this strategic waterway by a potentially hostile power that now indirectly controls the Suez Canal. That Canal, under such domination, ceased to operate in 1967 with vast consequences of evil to world trade.

(13) Extensive debates in the Congress over the past decade have clarified and narrowed the key canal issues to the following:

(1) Retention by the United States of its undiluted and indispensable sovereign rights, power and authority over the Canal Zone territory and Canal as provided by existing treaties;

(2) The major modernization of the existing Panama Canal as provided for in the Terminal Lake—Third Locks Plan.

Unfortunately, these efforts have been complicated by the agitation of Panamanian extremists, aided and abetted by irresponsible elements in the United States, aiming at ceding to Panama complete sovereignty over the Canal Zone and eventually, the ownership of the existing Canal and any future canal in the Zone or in Panama that might be built by the United States to replace it.

(14) In the 1st Session of the 93rd Congress identical bills were introduced in both House and Senate to provide for the major increase of capacity and operational improvement of the existing Panama Canal by modifying the authorized Third Locks Project to embody the principles of the previously mentioned Terminal Lake solution, which competent authorities considered would supply the best operational canal practicable of achievement, and at least cost without treaty involvement.

(15) Starting in January 1973, many Members of Congress sponsored resolutions expressing the sense of the House of Representatives that the United States should maintain and protect its sovereign rights and jurisdiction over the Panama Canal enterprise, including the Canal Zone, and not surrender any of its powers to any other nation or to any international organization in derogation of present treaty provisions.

(16) The Panama Canal is a priceless asset of the United States, essential for interoceanic commerce and Hemispheric security. The recent efforts to wrest its control from the United States trace back to the 1917 Communist Revolution and conform to long range Soviet policy of gaining domination over key water routes as in Cuba, which flanks the Atlantic approach to the Panama Canal, and as was accomplished in the case of the Suez Canal, which the Soviet Union now wishes opened in connection with its naval building in the Eastern Mediterranean and Indian Ocean. Thus, the real issue at Panama, dramatized by the Communist take over of strategically located Cuba and Chile, is not United States control versus Panamanian but continued United States sovereignty versus Soviet control. This is the issue that should be debated in Congress, especially in the Senate. Panama is a small, weak country occupying a strategic geographical position that is the objective of predatory power, requiring the presence of the United States on the Isthmus in the interest of Hemispheric security and international order.

(17) In view of all the foregoing, the undersigned urge prompt action as follows:

(1) Adoption by the House of Representatives of pending Canal Zone sovereignty resolutions and,

(2) Enactment by the Congress of pending measures for the major modernization of the existing Panama Canal.

To these ends, we respectfully urge that hearings be promptly held on the indicated measure and that Congressional policy thereon be determined for early prosecution of the vital work of modernizing the Panama Canal, now approaching saturation of capacity.

Signed by:

Dr. Karl Brandt, Palo Alto, Calif., Economist, Hoover Institute, Stanford, Former Chairman, President's Council of Economic Advisors.

Comdr. Homer Brett, Jr., Chevy Chase, Md., Former Intelligence Officer, Caribbean area.

Hon. Ellis O. Briggs, Hanover, N.H., U.S. Ambassador (retired) and Author.

Dr. John C. Briggs, Tampa, Fla., Professor of Biology, University of South Florida.

William B. Collier, Santa Barbara, Calif., Business Executive with Engineering and Naval Experience.

Lt. Gen. Pedro A. del Valle, Annapolis, Md., Intelligence Analyst, Former Commanding General, 1st Marine Div.

Herman H. Dinsmore, New York, N.Y., Former Associate Foreign Editor, *New York Times*, Editorialist.

Dr. Lev E. Dobriansky, Alexandria, Va., Professor of Economics, Georgetown Univ.

Dr. Donald Dozer, Santa Barbara, Calif., Historian, University of California, Santa Barbara, Authority on Latin America.

Lt. Gen. Ira C. Eaker, Washington, D.C., Former Commander-in-Chief, Allied Air Forces, Mediterranean, Analyst and Commentator on National Security Questions.

K. V. Hoffman, Richmond, Va., Editor and Author.

Dr. Walter D. Jacobs, College Park, Md., Professor of Government and Politics, University of Maryland.

William R. Joyce, Jr., J.D., Washington, D.C., Lawyer.

Maj. Gen. Thomas A. Lane, McLean, Va., Engineer and Author.

Edwin J. B. Lewis, Washington, D.C., Professor of Accounting, George Washington University, Past President, Panama Canal Society of Washington, D.C.

Dr. Leonard B. Loeb, Berkeley, Calif., Professor of Physics (Emeritus), University of California.

William Loeb, Manchester, N.H., Publisher and Author.

Lt. Col. Matthew P. McKeon, Springfield, Va., Intelligence Analyst, Editor and Author.

Dr. Howard A. Meyerhoff, Tulsa, Okla., Consulting Geologist, Formerly Head of Department of Geology, University of Pennsylvania.

Richard B. O'Keeffe, Fairfax, Va., Asst. Dir.

of Library, George Mason University, Research Consultant on Panama Canal, The American Legion.

Capt. C. H. Schildhauer, Owings Mills, Md., Aviation Executive.

V. Adm. T. G. W. Settle, Washington, D.C., Former Commander, Amphibious Forces, Pacific.

Jon P. Speller, New York, N.Y., Author and Editor.

Harold Lord Varney, New York, N.Y., President, Committee on Pan American Policy, New York, Authority on Latin American Policy, Editor.

Capt. Franz O. Willenbucher, Bethesda, Md., Lawyer and Executive.

Dr. Francis G. Wilson, Washington, D.C., Professor of Political Science (Emeritus), University of Illinois, Author and Editor.

Institutions are listed for identification purposes only.

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PANAMA CANAL PILOTS ASSOCIATION,
*Washington, D.C., October 26, 1973.*

Re Panama Canal—Third Locks-Terminal Lake Plan.

DEAR CONGRESSMAN: The Panama Canal Pilots Association strongly supports the Thurmond-Flood bills regarding major modernization of the Panama Canal.

We have given much thought and study to this matter. Furthermore, in our work of transiting vessels through the Canal we constantly observe the operations and are, of course, thoroughly familiar with the physical features of the Canal.

The original engineering and construction were magnificent. The engineers involved were very farseeing and the Canal has essentially met the needs of world shipping for over 60 years. However, time and progress are fast catching up with and will soon overwhelm the Panama Canal as now structured.

Attached hereto, is a copy of a Resolution which was passed unanimously at a very well attended General Meeting of our Association held on October 15, 1973.

We hope that you will be able to support the Thurmond-Flood bills.

Sincerely yours,

Capt. W. H. VANTINE,
*President.*

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PANAMA CANAL MAJOR MODERNIZATION—OCTOBER 15, 1973

Whereas, since 1914 the pilots of the Panama Canal have accumulated a vast knowledge concerning its marine operations through thousands of transits on all types of vessels; and

Whereas, during World War II extensive studies in the Canal organization of marine operations conclusively established the location of the bottleneck at Pedro Miguel Locks in the south end of Gaillard Cut as the fundamental operational error in constructing the Canal; and

Whereas, as a result of those World War II studies, there was developed in the Canal organization and approved by a committee of our most distinguished senior pilots what is now known as the Terminal Lake-Third Locks Plan; and

Whereas, this plan has been consistently recognized by various responsible independent navigation interests as providing the best operational canal practicable of achievement; and

Whereas, more than $171,000,000 has been expended toward the major modernization of the Canal, $76,357,405 on the suspended Third Locks Project and some $95,000,000 on the enlargement of Gaillard Cut; and

Whereas, the several items in the 1969 Improvement Program for the Panama Canal, though important, are non-basic in character and no solution for the Canal's major marine operational problems; and

Whereas, the Thurmond-Flood bills for the major modernization of the Canal now before the Congress will provide increased lock capacity for larger vessels, greater transit capacity, and eliminate the Pedro Miguel bottleneck locks; and

Whereas, the plan provided for in these bills would preserve the existing fresh water barrier between the oceans and thus continue to protect them from the biological hazards feared by respected scientists in any sea level undertaking; and

Whereas, responsible organizations and informed experts oppose the construction of any sea level canal as needlessly expensive, diplomatically hazardous, ecologically dangerous and less satisfactory operationally than the existing canal; now therefore, be it

Resolved, by the Panama Canal Pilots Association that it supports the Terminal Lake-Third Lock solution as provided in the Thurmond-Flood bills; and

Resolved, that the Panama Canal Pilots Association urges the Governor of the Canal Zone to use the full force of his office to support prompt enactment of the pending legislation for major canal modernization; and

Resolved, that the Panama Canal Pilots Association opposes the construction of a new canal of so-called sea level design; and

Resolved, that the Panama Canal Pilots Association directs that copies of this resolution be sent to the following:

President of the United States.
Vice President of the United States.
Secretary of State.
Secretary of Defense.
Secretary of the Army.
Secretary of the Navy.
All Members of the Congress.
Leading Marine Organizations and Periodicals.
American Society of Civil Engineers.
Society of American Military Engineers.
American Legion.
Veterans of Foreign Wars.

Capt. W. H. VANTINE,
*President, Panama Canal Pilots Association.*

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## THE GENOCIDE CONVENTION AND ADMINISTRATIVE CONFUSION

Mr. PROXMIRE. Mr. President, a perennial criticism of the Genocide Convention is that it would adversely affect the administration of criminal justice by allowing a confusion of jurisdictions for crimes of homicide, kidnaping, and assault and battery.

This criticism contends that there could be no clear initial assumption of whether a crime was committed with "genocidal intent" and therefore, because of the Convention Accords, should be tried in the Federal courts or whether it was committed without such intent and is therefore within the jurisdiction of the State. A typical case offered by the proponents of this criticism is where a man who has committed several atrocious homicides and is tried in a Federal court for genocide. The court acquits on the basis that there was no genocidal intent. The State court is unable to bring charges against the accused because of the constitutional prohibition against double jeopardy and the murderer is freed because of the initial mistake in assigning jurisdiction.

This criticism is faulty for several reasons. First, it is doubtful that the double jeopardy clause prohibits consecutive Federal and State trials for genocide and homicide since the primary purpose of the Genocide Convention is to make genocide a separate and distinct crime.

Second, this criticism overstates the likelihood of jurisdictional confusion. It should be noted that the convention is not self-executing; that is, once the treaty is ratified enabling legislation will have to be enacted by Congress pursuant to article V of the convention. It is clear that implementing legislation would deal with the possibility of such problems by reserving to the States the right to prosecute and punish as homicide those acts described in the accords. In such a case, Federal charges of genocide would be brought only when the intent was clear; when the intent was not clear prudent prosecution would dictate that indictment be sought under State laws.

Thus, Mr. President, the problem of administrative confusion over the appropriate jurisdiction for genocide and related crimes is really no problem at all and I call upon the Senate to ratify the treaty as soon as possible.

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## WILBUR COHEN ON HEW APPROPRIATIONS

Mr. RIBICOFF. Mr. President, one of the most complex budgets this Congress must consider is that which involves Health, Education, and Welfare. There are few people in this country who truly understand what is going on in that giant Department.

One of them is Wilbur Cohen. Wilbur worker in the Social Security Administration from 1935 to 1956. He helped develop our social security system. When I was Secretary of HEW he served as Assistant Secretary for legislation and continued in that post until 1965 when he became Undersecretary. In 1969 he distinguished himself as Secretary.

Wilbur Cohen still plays a most active role in the HEW appropriations process and his insight is most valuable.

Today he appeared before the HEW Appropriations Subcommittee which is so ably chaired by the senior Senator from Washington (Mr. MAGNUSON).

I ask unanimous consent that Wilbur Cohen's testimony before the subcommittee be printed in the RECORD.

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

NEEDED CHANGES IN HEW APPROPRIATIONS

(By Wilbur J. Cohen*)

I am pleased to appear before your distinguished Subcommittee to give my comments on the appropriations to H.E.W. and the programs and policies of the Department.

GENERAL OBSERVATIONS

The President's Budget proposals for the Department of H.E.W. for the fiscal year 1974–75, in my opinion, are, on the whole, inadequate, unfortunate, undesirable and tragic for the future of our country.

The House has made a number of significant improvements. The appeal of House actions by the Department is, on the whole, not a very constructive or progressive set of recommendations with a few exceptions. I hope this distinguished Subcommittee will

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*Presently Professor of Education and Dean of the School of Education and Professor of Public Welfare Administration, School of Social Work, The University of Michigan; Co-Chairman, Institute of Gerontology, University of Michigan-Wayne State University; President-Elect, American Public Welfare Association; Secretary of Health, Education, and Welfare, 1969–69; Under-Secretary, 1965–68; Assistant Secretary for Legislation, 1961–65; Social Security Administration, 1935–56.

build upon the House action and take a vigorous, independent review of a number of items and revise the House action accordingly.

I should like to recall that as Under-Secretary during 1965–68, I was responsible to the Secretary for the review of four budgets of H.E.W. (1966–67–68–69) and I had the primary responsibility for the submission of a fifth budget (1970). I have attempted to follow the budgets since then but, of course, I do not have as intimate knowledge of present items as I did five years ago. I present my views today with the recognition that I may not be in possession of all of the facts. I will try to limit my comments and recommendations to those policy questions which are appropriate for public discussion and your Subcommittee's decision.

HEALTH PERSONNEL AND NATIONAL HEALTH INSURANCE

The President and the Secretary of H.E.W. have taken a strong position for the early adoption of a national health insurance program. I wish to compliment them on their support for this important objective. I also wish to compliment and support them on the broad scope of medical coverage in the Administration proposal. The scope of coverage in the Administration bill is almost identical with those in the Kennedy bill and the Kennedy-Mansfield-Mills bill. Both Senator Kennedy and Chairman Mills have indicated their willingness to arrive at an accommodation with the Administration. Consequently, I assume that national health insurance legislation of some kind will become a reality within the next 12 to 24 months.

The adoption of any national health insurance legislation is a major step which requires planning and preparation equal to that of the nation and General Eisenhower's planning for D Day in 1944. Essential to any such plans is the development of the necessary trained manpower and womanpower to deliver the services. Moreover, it will take a number of years to develop the necessary personnel and have them in the right place at the right time with the right skills.

I find it strange that, on the one hand the Administration should be proposing and urging a broad-gauged $40 billion a year national health insurance plan, and, on the other hand, the Administration has not funded adequately the existing and proposed legislation for the training of health personnel.

Therefore, I commend, Mr. Chairman, that your Subcommittee look at every health personnel item in the pending bill and increase the funds for training of health personnel. I shall identify a few of the areas with which I have a familiarity and concern.

Let me begin with the maternal and child health.

MATERNAL AND CHILD HEALTH

Any national health insurance program must—and, in my opinion, will—provide comprehensive health services to children, including prenatal and postnatal services, family planning and nutrition services, and some dental services. We should prepare for this eventuality by expanding the training of the necessary professional, paraprofessional and supporting staff. We should be experimenting with methods to deliver care in an effective, efficient and compassionate manner. We should be extending maternal and child health services in areas where these services do not now adequately exist.

The present authorization for maternal and child health services Budget request was $265 million. The House allowance was approximately $285 million with which the Department concurs.

I recommend you appropriate $350 million for 1975, an increase of $65 million. I suggest that $14 million of this be for grants to states, an additional $1 million for Sudden Infant Death Syndrome information dissemination, and the remaining $50 million addition for training of personnel.

CHILD WELFARE SERVICES

The Budget request for child welfare services is $46 million—$1.5 million below the 1974 expenditure level. The House allowed $47.5 million. This, however, is still $2.5 million below the $50 million appropriated for 1974. In view of inflation, I recommend at least $55 million.

CHIEF OF THE CHILDREN'S BUREAU

In connection with this item I should like to point out that the Department has not had a recognized national leader as Chief of the Children's Bureau for nearly two years. This is a tragic mistake. The precipitate firing of the Chief of the Children's Bureau in 1969 was the beginning of the difficulty. No Chief of the Children's Bureau from 1912 to 1969—57 years—was ever terminated in a change of Administration until 1969!

NATIONAL INSTITUTES OF HEALTH

The research training program of N.I.H. was funded at $168 million in 1973. The President's request was for $122 million—a drop of $46 million. The House has allowed $147 million. After careful study I recommend $200 million which would just restore this item to the 1973 level taking into account inflation.

I have also reviewed the items for each of the ten Institutes, the research resources item, and Fogarty Center. I suggest the Senate increase the House allowance by about $300 million—about 17%.

For instance, the National Institute of Child Health and Human Development should be increased by about $13 million; the National Eye Institute, about $10 million.

Mr. Chairman, the various programs of the National Institutes of Health are inter-related. No one knows whether the cure for cancer, arthritis, cystic fibrosis or multiple sclerosis will originate in a grant in the Institute in which the grant was assigned by law or by chance in another place. I suggest you give the Director of N.I.H. the authority to transfer up to 1% of any amount appropriated to any one item but not to exceed an increase of more than 2% in any appropriation item.

NATIONAL LIBRARY OF MEDICINE

I especially wish to speak about the need for expansion of the wonderful work being undertaken by the National Library of Medicine. I helped establish the Lister Hill Center of which I am very proud. I believe another $25 million is warranted to carry out the proposals.

NATIONAL HEALTH SERVICE CORPS

The National Health Service Corps has been of great value. The Budget request is for about $9 million. I recommend $15 million to enable this program to expand.

FAMILY PLANNING SERVICES

The 1973 figure for this item is $131 million and the Budget request for 1975 is $100 million—about $30 million below the figure of two years ago. Taking into account inflation, I think about $33 million additional above the Budget request is desirable for this effective and well-accepted program.

EMERGENCY MEDICAL SERVICES

The House allowance is $10 million above the Budget request of $27 million. I urge you to reject the Department's appeal and accept the House allowance.

VENEREAL DISEASE

Venereal disease is a tremendous problem. I would increase the House allowance from $26 million to $32 million.

HEALTH RESOURCES AND FACILITIES

The authorizing legislation for the health resources and facilities has not yet become law. The Budget request for 1975 is $456.8 million. This compares with $1,245.499 million for 1973. I suggest $1.5 billion which is the 1973 level plus an adjustment of 25% for inflation.

OLDER AMERICANS ACT

I am the Co-Chairman of the Executive Board of the Institute of Gerontology of The University of Michigan-Wayne State University. In this capacity I follow closely the activities of the Administration on Aging and the Administration of the Older Americans Act.

Based upon my review of the situation, I recommend the following (in millions):

| Legislative item | Authorization | House allowance | WJC recommendation |
|---|---|---|---|
| Title III—Community Services | $130 | $96 | $125.0 |
| Title IV-A—Training | (OE) | 8 | 10.0 |
| Title IV-C—Centers | (OE) | 0 | 12.5 |
| Title VII—Nutrition | 150 | | 150.0 |

I also urge that the amount appropriated for the Age Discrimination Act in the Department of Labor be increased from $1,750,000 to $2 million, and the amount for Community Service Employment from $10 million to $40 million.

NATIONAL INSTITUE ON AGING

Public Law 93–296, approved May 31, 1974, authorizes the establishment of a National Institute on Aging. I urge you to authorize the Secretary on the recommendation of the Director of N.I.H. to transfer from any other Institute the appropriate amounts and projects he deems relevant to the N.I.A.'s responsibilities so that the N.I.A. may be promptly established. The Secretary should have similar authority for other units in the Department.

LIBRARY PROGRAMS

As a long-time supporter of the federal library programs and a library user, I urge this Subcommittee to continue funding them. I am referring to the Library Services and Construction Act (Aid to Public Libraries), the School of Library Resources Program authorized by the Elementary and Secondary Education Act, the College Library Resources Training and Research Programs, authorized by Title II of the Higher Education Act, and the National Commission on Libraries and Information Science.

I am particularly concerned about Title II of the Higher Education Act, for which the House allowed only $11,957,000 for 1975. Title II of H.E.A. authorizes a college library resources program (Part A) for which the House voted $9,975,000, and programs for training and research in librarianship and information science (Part B) for which the House allowed $2,000,000.

The Education Amendments of 1972 (PL 92–318) amended the statutes to make clear that colleges and universities are entitled to basic grants for library resources of up to $5,000 providing they meet certain maintenance of effort requirements. Accordingly, some 2,600 institutions of post-secondary education are eligible for basic resource grants and to provide each one with such a grant would require an annual appropriation of around $13,000,000 for Part A, Title II of H.E.A. The House unfortunately, had allowed only $9,975,000.

Even worse, no funds would be available under the House bill for the very important special purpose grants also authorized by Part A. Special purpose grants encourage college and universities to develop cooperative arrangements among their libraries, so

that together they may eliminate costly duplication of effort and better serve the students and faculty of all institutions involved. This trend toward library consortia is an all important one that must be continued and expanded so that costly duplication can be eliminated and the services of many libraries can be made available to the user of any one library. Special purpose grants can only be awarded after all the basic grants are satisfied. Therefore, an appropriation of only $9,975,000 as the House bill provides neither allows the basic grants to be satisfied nor does it allow the awarding of any special purpose grants.

For training and research (Part B) the House bill provides only $2,000,000. This amount does not conform with the requirements of the authorizing statutes (P.L. 92-318) which state in reference to annual appropriation for Title II that "70 per centum shall be used for the purposes of Part A and 30 per centum shall be used for the purposes of Part B, except that the amount available for the purposes of Part B for any fiscal year shall not be less than the amount appropriated for such purposes for the fiscal year ending June 30, 1972." For the year ending June 30, 1972 Congress appropriated a total of $4,750,000 for the purposes of Part B. Accordingly, the $2,000,000 approved by the House for 1975 falls $2,750,000 short of the minimum amount permitted in the authorizing legislation.

I would urge the Senate to rectify the error in the House bill by adding to the level of Part B as required by law, and increasing the funding for Part A so that all the basic grants can be funded as well as a few special purpose grants. An overall appropriation of $20,000,000 would allow $14,000,000 for Part A and $6,000,000 for Part B. This is a modest level of funding indeed considering the financial problems confronting almost every post secondary institution today, and considering the vast "information explosion" confronting us all. The problems of information retrieval and accessibility are increasing, not diminishing.

Title II of the Higher Education Act, if adequately funded to permit research and demonstration in library and information science, can help the nation solve some very serious "information" problems.

SOCIAL WORK TRAINING

The House allowed $6,654,000 for social work training to continue this program at the 1974 level. (Committee Report, p. 64) According to my information, however, this is $2 million less than the funds available for 1974. Taking this factor and inflation into account, a total appropriation of $10 million is warranted.

PERSONNEL

I believe the Department of H.E.W. is made up of a substantial number of able, dedicated, professional and civil service employees who are loyal, efficient and innovative. They have competences and abilities comparable to those found in many businesses and most of the universities. Many of them are relatively underpaid and some are unappreciated. Many work longer than the forty hours required. Many could earn outside the government.

However, I believe the full resources of many of these people in the Department is not being utilized. The morale of many professional civil-service employees currently is low.[1] The forced resignations of competent persons such as Robert Ball (Commissioner of Social Security), Robert Marston (Director of the N.I.H.), Fred Della Quadri (Chief of the Children's Bureau), Peter Muirhead, Deputy Commissioner of Education, and the refusal to appoint Dr. John Knowles (Assistant Secretary for Health) are all illustrations which have left in the minds of many employees and persons outside the Department that professional competence is no longer the sole qualification for continued employment and promotion in the Department. While this has in part been offset by the excellent appointment of Bruce Cardwell as Commissioner of Social Security, a competent and conscientious man, it is negated by the appointment of several people in the Social and Rehabilitation Administration who have had no real program experience in administering state or local welfare programs and in whose blood there flows ice-water and lack of knowledge about the program, its problems and the people in it. In addition, some of these people show a systematic opposition to state welfare officials and to the basic philosophy of federal-state cooperation as it has been operated over the past forty years before they took office.

My suggestion is that you institute an independent review of the competence, morale, promotion and other personnel policies in the Department, along with an examination of exempt positions, with a view to making recommendations to you for any revision of policies. I suggest you also include in the pending appropriation bill that all persons in grades I-IV, not already subject to Senate confirmation, be subject to confirmation by the Senate so the Senate can examine their qualifications.

ADVISORY COMMITTEES

One of the major criticisms I have of the recent Departmental policies is the abolition, reduction, and dissolution of many Advisory Councils to various programs. The success of H.E.W. programs has been, in large part, due to the voluntary participation of many fine men and women to advise on programs. Dr. DeBakey and Mrs. Lasker are but two of hundreds of examples of persons who participated on Advisory Councils whose services you could not possibly pay for in terms of their market value. One way to keep government programs close to people is to have the people back home participate in advising on policies, procedures, forms, projects and priorities.

The House Committee report takes note of this situation on page 23 with respect to N.I.H. But the same situation exists with respect to other programs in the Department.

I suggest you include in the appropriation bill a reduction in the Departmental Management Fund of one percent for each month in which any Council, Board or Committee required by law does not have a majority of members to do business.

ADVISORY COUNCIL ON SOCIAL SECURITY

I am particularly disturbed at the unbalanced and unrepresentative character of the Advisory Council on Social Security which the Secretary appointed earlier this year, as required by the Social Security Act. Previous Councils in 1939, 1948, 1965 and 1971 have included distinguished business, labor and public representatives and outstanding experts.

The three labor representatives appointed by the Secretary on the Council have been repudiated by the AFL-CIO because the Secretary refused to include among the labor appointees the Chairman of the AFL-CIO Committee on Social Security, probably because he had supported Senator McGovern for President. In addition, there is an insurance person on the Council representing employers and another representing the general public. This is unfair. Moreover, there is no representative of public welfare on the Council.

SOCIAL SECURITY ADMINISTRATION

There are three areas in social security in which I believe additional personnel are needed:

1. Supplemental security income payments.
2. Disability payments.
3. Public information.

The SSI program is behind schedule in processing its work. I urge you to consider adding sufficient personnel to the program so that payments will be made correctly and on time.

In addition, appeals on disability claims are far behind schedule. Some additional hearing officers are necessary. Please look into the need to get these claims and appeals handled more promptly with competent and sufficient personnel.

Finally, I believe the Department and the Social Security Administration must take a more vigorous, in-depth, and continuous public information program to offset the scurrilous and mischievous attacks on the integrity of the social security system.

Recently, a series of five articles were published in some 40 newspapers of this country. These articles written by a Warren Shore in the newspaper *Chicago Today* are a composite of inaccuracies, misinformation, half-truths, and preposterous charges, proposals and illustrations. I urge you to include in your Committee Report a specific statement instructing the Social Security Administration to inform the 100 million contributors (employees, employers and the self-employed) and the 30 million beneficiaries of the true situation and to take the offensive in answering the misleading charges against the law as passed by the Congress.

NATIONAL INSTITUTE OF EDUCATION

I understand the difficulties which this Subcommittee has had in making an independent evaluation of the N.I.E. Budget.

The entire manner in which the N.I.E. proposal was originally advocated was on an "oversell" basis: too much and too fast and there was too-little consultation with key educators in the universities.

Educational research is a long-range proposition. It requires careful and considerable discussion, preparation, and consultation with university research leaders and administrators.

Consequently, I recommend you authorize the appointment of a panel of outstanding leaders to be convened to review all the projects approved by the N.I.E. with a view to making a recommendation as to what the level of funding should be for existing projects and what the level of staffing in N.I.E. should be.

Contingent upon this report and its implementation, I recommend you appropriate $88,000,000 for N.I.E. of which $10,000,000 could be expended only if the panel and the Assistant Secretary of Education approved the expenditure items.

I especially urge that some of the additional appropriation be used for research in consumer economics and the interrelationship between health and educational services for young children.

SOCIAL SERVICES

I am deeply distressed at the fact that an agreed-upon legislative substitute for social services authorization has taken such a long time for the Department to work out. The Senate passed a legislative substitute last year as an amendment to H.R. 3153. This bill has not gone to conference although both Chairmen Long and Mills have indicated a desire to do so. Meanwhile, the Department is attempting to develop a modified version. It does not appear to me at this time that a mutually agreed compromise can be worked out between the state and private welfare agencies and the Department. Hence, I recommend that the Senate include in its Committee report that if an agreed substitute is not worked out by the date of enactment of this appropriation bill, that the present regulations and policy be retained until June 30, 1975 unless superseded by subsequent appropriate legislation.

[1] See Harold M. Schmeck Jr., "Cutbacks and Low Morale Trouble N.I.H." New York *Times*, Friday, February 22, 1974.

PUBLIC INFORMATION

Recent consolidation and centralization of public information officers and reduction of some publications in the Department were, in my opinion, undesirable. I believe the Department is derelict in its duties of explaining, defending and interpreting the programs which Congress and the President have approved. I believe, therefore, that there is a need for more funds to strengthen the public information program of the Department. The centralization and regionalization of public information which has occurred is, in my opinion, generally undesirable. I believe the taxpayers deserve more uncensored information.

EXPERIMENTAL PROJECTS

I should like to direct the Subcommittee's attention to section 1110 of the Social Security Act which authorizes such sums as the Congress may determine for making grants and contracts for cooperative research or demonstration projects in the general social security area.

The President's Budget contains: 1) $9,700,000 for research and evaluation in Public Assistance under the Social and Rehabilitation Service (Budget, p. 440), and 2) $33,574,000 for policy research in the Departmental Management Fund (Budget, p. 467). I am not clear how this total of $43 million is intended to be expended. I believe the Department should be encouraged to undertake a more experimental and pilot-project approach toward various problems. I would suggest that you include $10 million additional for advance funding of projects in 1975–76 and direct the Department to make a more vigorous and a wider attack on many problems such as child health, welfare reform, and social services.

FUTURE BUDGET REVIEW

I strongly urge this Subcommittee to appoint a Citizens Committee on the H.E.W. Budget which would have the responsibility of reviewing the 1974–75 appropriations when enacted and reporting back to you in April 1975 on the President's proposed budget for H.E.W. for 1975–76.

I suggest such outstanding persons as Mrs. Oveta Culp Hobby and John Gardner as former Secretaries, Jim Kelly and Rufus Miles as former Assistant Secretaries, John Corson, Frank Bane, Dr. Shannon and Dr. Marston, as former top Administrators. They could give you a frank and knowledgeable evaluation of the appropriations requests and their value.

IS THE DEPARTMENT OF HEW MANAGEABLE?

Mr. Chairman, I am frequently asked whether the Department of H.E.W. is a manageable agency. I answered that question in the affirmative on January 17, 1969 when I submitted my final report to the President and the Congress.

I have continued to restudy this matter in the light of developments during the past five years. While I supported the proposal for a Department of Human Resources, I now believe that there are some functions in the Department which could be separated from it, thus making the remainder of the Department a viable and manageable agency.

First, I would transfer N.I.H. to the National Science Foundation and rename it the National Science and Bio-Medical Foundation.

Second, I would transfer F.D.A. to a new Consumer Products Agency.

Third, I would establish the Social Security Administration as a Social Security Board, as it was originally established by Congress in 1935.

## POTTSTOWN FLOOD CONTROL PROJECT

Mr. HUGH SCOTT. Mr. President, I am delighted to report that on July 25, 1974, the Public Works Committee approved a resolution authorizing the Pottstown and vicinity flood control project. This will be of inestimable value throughout southeastern Pennsylvania.

In a statement to the members of the Water Resources Subcommittee on July 24, I stated that the time for positive action had come. I am therefore gratified by their immediate and favorable response and I wish to thank them on behalf of the people of the Pottstown area. I trust the House Public Works Committee will shortly act favorably as well and the area will, at long last, receive adequate protection from the flooding which has long been a serious problem in this area of the Schuylkill River Basin.

Mr. President, I ask unanimous consent that my statement before the Water Resources Subcommittee be printed in the RECORD.

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

STATEMENT OF SENATOR HUGH SCOTT TO WATER RESOURCES SUBCOMMITTEE OF THE SENATE PUBLIC WORKS COMMITTEE, JULY 24, 1974

Mr. SCOTT. Mr. Chairman, I am most appreciative of this opportunity to express my strong support for the flood control plan for Pottstown and vicinity, a very important public works project which the Secretary of the Army has favorably recommended as a Section 201 project.

This local project for flood control, navigation, water supply, recreation, and allied purposes to take place in Chester and Montgomery Counties in Southeastern Pennsylvania entails work along the Schuylkill River and Manatawny Creek. It consists of river channel improvements, an arch bypass around the High Street Bridge on Manatawny Creek, and development of spoil-disposal areas as open space. The affected communities of Pottstown, South Pottstown and Kenilworth should, at long last, receive adequate protection from the flooding which has long been a very serious problem in this area of the Schuylkill River Basin. Since the area was settled in the 18th Century, it has been subject to recurrent flooding due to lack of river channel capacity. Hurricane Agnes and the flooding of last summer, both of which caused widespread and extensive damage to commercial, industrial and residential properties and threatened the lives and safety of the population, graphically demonstrated the continuing need for such a project.

The general welfare and security of the residents of the Pottstown area will be much improved by this long awaited project. The economic development of the surrounding region has been greatly inhibited because Pottstown is the major commercial center of the area. This project will contribute in a significant way to the improvement of the local economy. Much careful consideration has also been given to preserving and enhancing the environment of the basin area, particularly the minimization of damage to fisheries resources and public parkland. I understand this project has the unusually high benefit to cost ratio of 2.8. The project will work in conjunction with the multipurpose reservoirs to be built upstream on Maiden and Tulpehocken Creeks to afford protection to the Pottstown area. Protection could be reduced if the Maiden Creek project is not constructed so we should consider this also.

Thus we see that the Pottstown Project has great merit and I am very pleased to give voice to the great local concern in strong support of this project. The need for positive action is acute. Talking and studying must cease. It is very important to the people of the Pottstown area that something be done about the constant danger of flooding.

It will be a significant contribution to Pennsylvania's continued viability as a commercial and environmental center and I wholeheartedly urge the Committee to consider this project favorable for approval. I also urge the Army Corps of Engineers and the Office of Management and Budget to expedite the funding for this important project so that construction may begin as soon as possible.

## NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION

Mr. ALLEN. Mr. President, the National Society of the Sons of the American Revolution is a patriotic society committed to the preservation of our constitutional form of government, the maintaining of a strong national defense, and the preservation of the liberties and freedoms that our citizens enjoy.

At the 84th Annual Congress of the National Society of the Sons of the American Revolution a number of resolutions were adopted which I feel will be of interest to the Members of the U.S. Senate.

I ask unanimous consent that the resolutions from 1 to 10, both inclusive, of the 83d Annual Congress of the National Society of the Sons of the American Revolution be printed in the RECORD.

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

THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION ADOPTED THE FOLLOWING RESOLUTIONS

RESOLUTION NO. 1

Whereas, under the 1903 Treaty with Panama, the United States obtained the grant in perpetuity of the use, occupation and control of the Canal Zone territory with all sovereign rights, power and authority to the entire exclusion of the exercise by Panama of any such sovereign rights, power, or authority as well as the ownership of all privately held land and property in the Zone by purchase from individual owners; and

Whereas, the United States has an overriding national security interest in maintaining undiluted control over the Canal Zone and Panama Canal and solemn obligations under its treaties with Great Britain and Colombia for the efficient operation of the Canal; and

Whereas, the United States Government is currently engaged in negotiations with the Government of Panama to surrender United States sovereign rights to Panama both in the Canal Zone and with respect to the Canal itself without authorization of the Congress, which will diminish, if not absolutely abrogate, the present U.S. treaty-based sovereignty and ownership of the Zone; and

Whereas, these negotiations are being utilized by the United States Government in an effort to get Panama to grant an option for the construction of a "sea-level" canal eventually to replace the present canal, and to authorize the major modernization of the existing canal, which project is already authorized under existing treaty provisions; and by the Panamanian government in an attempt to gain sovereign control and jurisdiction over the Canal Zone and effective control over the operation of the Canal itself; and

Whereas, similar concessional negotiations by the United States in 1967 resulted in three draft treaties that were frustrated by the will of the Congress of the United

States because they would have gravely weakened United States control over the Canal and the Canal Zone; and by the people of Panama because that country did not obtain full control; and

Whereas, the American people have consistently opposed further concessions to any Panamanian government that would further weaken United States control over either the Canal Zone or Canal; and

Whereas, many scientists have demonstrated the probability that the removal of natural ecological barriers between the Pacific and Atlantic oceans entailed in the opening of a sea-level canal could lead to ecological hazards which the advocates of the sea-level canal have ignored in their plans; and

Whereas, the Sons of the American Revolution believes that treaties are solemn obligations binding on the parties and has consistently opposed the abrogation, modification or weakening of the Treaty of 1903;

Now, therefore, be it resolved that the National Society, Sons of the American Revolution in its 84th Annual Congress assembled, opposes the construction of a new sea-level canal and approves Senate Resolution 301 introduced by Senator Strom Thurmond and 34 additional Senators, to maintain and preserve the sovereign control of the United States over the Canal Zone.

RESOLUTION NO. 2

Whereas, the strength and stability of the economic and monetary system of the United States is vital to the defense of the country, and

Whereas, the fiscal and monetary policies of the Congress and Administration, present and past, have led to the devaluation of the dollar, double digit inflation, and the current economic crisis in the United States, and

Whereas, double digit inflation within is as great a threat, if not a greater threat, to the liberty and freedom and well-being of this country as the threat from our enemies without, and

Whereas, the basic cause of the rampant inflation is the deficit spending of the United States Congress, and

Whereas, under the Constitution of the United States, Congress is charged with the responsibility for all federal appropriations, and

Whereas, it is the urgent duty of the United States Congress to limit federal spending to the revenues of the Federal Government.

Now, therefore, be it resolved that the National Society, Sons of the American Revolution in its 84th Annual Congress assembled, urges the Congress to balance the federal budget.

RESOLUTION NO. 3

Whereas, it was the national policy of the United States of America to intervene in Vietnam and prevent a Communist takeover of that country, and

Whereas, it is the duty of every American citizen to bear arms in support of the national policies of the United States, and

Whereas, a citizen of the United States is called upon to share the burdens of citizenship in order to insure its benefits for all citizens, and

Whereas, 40,000 young Americans fled to foreign countries to evade the military obligations of United States citizenship.

Now, therefore, be it resolved that the National Society, Sons of the American Revolution at its 84th Annual Congress assembled, is opposed to any granting of amnesty to those who refused to bear arms for their country and instead, fled to foreign countries to evade their military obligations.

RESOLUTION NO. 4

Whereas, this country was founded by God-fearing men and women and conceived in liberty, and

Whereas, men of all countries have been moved by the eloquence and high spiritual qualities of the Declaration of Independence, and

Whereas, the Bicentennial will be a focal point for a nationwide review, and reaffirmation of the values upon which this Nation was founded, and

Whereas, all businesses and private citizens should display the United States Flag daily during daylight hours except during inclement weather, and

Whereas, it is fitting for patriots to celebrate each Fourth of July with prayer, music, fireworks and other expressions of joy and cheer, and

Whereas, it is the duty of every citizen and local community to take the initiative in planning a suitable commemoration of the Bicentennial.

Now, therefore, be it resolved that the National Society, Sons of the American Revolution at its 84th Annual Congress assembled, urges its members and all citizens to fly flags daily, to ring bells and blow automobile horns on the Fourth of July at a time to be set by each community as a suitable prelude to the Bicentennial.

RESOLUTION NO. 5

Whereas, we believe the Federal Government has entered upon a movement to eliminate basic rights and powers guaranteed to the states by the 10th Amendment to the Constitution, in particular the control of education and public schools, the control of land, the extension of jurisdiction of the federal judiciary, the weakening of state criminal law enforcement by the imposition of untenable federal standards that result in interminable trials and sheer technicalities that often show more concern for the criminal than for the innocent victim and the long-suffering public, to name a few,

Now, therefore, be it resolved that the National Society, Sons of the American Revolution at its 84th Annual Congress assembled, recommends that our state governors and legislators resist these federal encroachments upon state sovereignty and oppose the extension of federal grants and Supreme Court decisions.

RESOLUTION NO. 6

Whereas, hostile foreign nations desire to obtain advanced American technology during a period of our history entitled "detente," and

Whereas, the sharing of our technology with unfriendly foreign powers will weaken this country's power and protection of the free world, and

Whereas, the joint exploration of space with any foreign nation will result in the release of technical information vital to the defense of this nation, and

Whereas no foreign power has been successful in its man-in-space program,

Now, therefore, be it resolved that the National Society, Sons of the American Revolution, in its 84th Annual Congress assembled, opposes in general the sharing of any of our technology with unfriendly foreign nations and in particular the sharing of our man-in-space capability with any foreign power, and recommends that all federal agencies should intensify efforts to prevent the dissemination of critical technology to any foreign power.

RESOLUTION NO. 7

Whereas, the National Society, Sons of the American Revolution supports proper commemoration and celebration of the American War for Independence which gained the 13 Original Colonies their freedom; and

Whereas, the Battle of Cowpens, fought in South Carolina near the present village of Cowpens was a major victory for loyal Americans in their fight for liberty; and

Whereas, the Federal Government has appropriated certain funds for the improvement and enhancement of the Cowpens Battleground site; and

Whereas, the effect of monies spent will be much more effective and widespread, and of longer duration, if a permanent annual celebration is held at the Battleground;

Now, therefore, be it resolved that the National Society, Sons of the American Revolution in its 84th Annual Congress assembled, favors allocation of an adequate portion of available funds for the construction of a suitable amphitheater which will be made available for the production of an annual outdoor drama based upon the Battle of Cowpens and surrounding events, so that the people of America will have a better opportunity to become more conversant with the great deeds of our illustrious ancestors.

RESOLUTION NO. 8

Whereas, Professional Standards Review Organization (PSRO) was established as a rider attached to the Social Security Law of 1972 without public hearings or proper consideration; and

Whereas, confidential medical records of every patient under any of the numerous government-sponsored health care programs will be open to PSRO inspectors; and

Whereas, "norms" set by the Department of Health, Education and Welfare, after examination of all patient records, will change the concept of health care, nullifying doctor-patient privacy preventing full use of the doctor's knowledge, experience and training; and

Whereas, PSRO can overrule a doctor's decision in prescribing, hospitalization, or operating under penalty of fine and suspension from medical practice;

Now, therefore, be it resolved that the National Society, Sons of the American Revolution at its 84th Annual Congress assembled, supports the adoption of H.R. 9375, or similar resolutions, which would repeal the provisions of the Social Security Act which violate the confidentiality of the doctor-patient relationship which would be contrary to numerous State statutes, contrary to professional ethics, and which would lead to federal control of medicine.

RESOLUTION NO. 9

Whereas, there is pending in the United States Congress a resolution sponsored by Senator Harry Flood Byrd, Jr. of Virginia in which Senator William Scott of Virginia has also joined as a co-sponsor, to restore the citizenship of General Robert E. Lee,

Now, therefore, be it resolved that the National Society, Sons of the American Revolution at its 84th Annual Congress assembled, joins in with the purpose and spirit of this pending Congressional resolution.

RESOLUTION NO. 10

Now, therefore, be it resolved that the National Society, Sons of the American Revolution at its 84th Annual Congress assembled, reiterates and reaffirms that all previous resolutions adopted at prior Congresses be reaffirmed.

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## THE NEED FOR LEGAL SERVICES

Mr. HASKELL. Mr. President, on Thursday, July 18, the Senate voted to accept the conference report on H.R. 7824, a bill to establish a Legal Services Corporation. Due to a serious illness in my family I was unable to be present for that vote. Had I been present I would have joined 77 of my colleagues in voting in favor of the bill.

The bill as passed reflects compromises made in the conference committee between the original House and Senate versions. It also reflects several years' worth of legislative activity on the part

of the White House and legal services supporters throughout the country. It is a moderate bill pleasing neither the avid supporters nor the strong opponents. In view of the long years of effort which have resulted in this bill I am delighted the President has reversed his earlier position and has signed the bill.

The importance of the measure cannot be underestimated. The legislation insures some minimum level of representation in civil matters for those persons unable to afford legal fees. Enactment of a Legal Services Corporation will insure continuation of several separate programs existing in the major urban areas of my home State—including Denver, Pueblo, and Colorado Springs—as well as a network of rural offices spread throughout the farm and ranch lands coordinated by a central administrative office in Denver.

These Colorado programs presently provide representation for many of our indigent population in municipal, county, and State courts. Lawyers, paralegals, and authorized law students appear before such bodies as the Colorado Department of Social Services, Colorado Department of Motor Vehicles, Colorado Department of Employment, Unemployment Compensation Division to present claims the arguments of their clients before agency referees and personnel. The legal service attorneys in Colorado have a close working relationship with the Colorado Bar Association and have enjoyed the support of both the Colorado Bar Association and local bar associations for some time.

Mr. President, I once served as president of a legal aid society in the Denver area and I can vouch for the widespread community support and bar association support for the program. That support has been echoed time and time again by editorials appearing throughout the State. Mostly, recently both the Denver Post and the Rocky Mountain News have gone on record in favor of a legal services corporation. I ask unanimous consent that the texts of those editorials be reprinted at the close of my remarks, along with communications from the Colorado Bar Association and the Denver Bar Association. These statements reflect only a small portion of the positive showing of support which has reached my office from my Colorado constituents.

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

POOR NEED LEGAL SERVICES

A bill in Congress to set up an independent corporation to administer legal services for the poor may be in jeopardy when it reaches the desk of President Nixon.

The President reportedly is considering vetoing the bill because it is too restrictive on the activities of legal services lawyers and because of pressure by some conservative members of Congress.

The legal services bill isn't what it should be, but it is better than no bill, which would mean no legal services system for the poor unless some type of similiar program still under the federal bureaucracy were set up.

In the past the legal services program was funded through the Office of Economic Opportunity (OEO), but that funding will cease June 30 as the OEO program is dissolved.

The bill now in Congress first appeared in 1971 when the President proposed consolidating the various types of poverty-law programs into one. He vetoed the legislation that resulted because the President was denied the complete discretion to nominate the corporation's board.

In 1972, Congress proposed the legislation but it died in a conference committee. In May 1973 Nixon again proposed his version, which was adopted by the House after the addition of a number of severe restrictions on attorney activity. The Senate adopted a modified version of the bill, and the effort has now been approved by a conference committee and re-approved by the House. It is awaiting a final Senate vote.

The bill now prohibits legal services lawyers from engaging in litigation about school desegregation, nontherapeutic abortion, the draft, desertion and amnesty, class actions and cases that generate fees. It also prohibits political activity by attorneys and opens the door to the termination of legal services back-up centers, which are resources for litigation in specialized types of cases.

If the bill were to be vetoed by Nixon, the damage to Colorado legal services programs would be widely felt. For instance, the Arapahoe County program is entirely funded through OEO, and almost 47 per cent of the funding for Metropolitan Denver Legal Aid Society comes from that source. In addition, in Denver more than half of its funding already is jeopardized with the ending of the Model City program.

A veto at this point would place the burden of legal representation for the poor back on the state courts, a task they aren't economically ready to handle.

On the other hand, the signing of the bill into law will at least continue the program and allow future Congresses to decide if the restrictions against activities by attorneys are in the best interest. The bill should become law.

A GOOD PROGRAM

Neighborhood legal services for the poor will dry up soon unless Congress approves and President Nixon signs new legislation keeping the program alive.

A bill creating a new legal services corporation is under strong attack by conservatives, who say poverty lawyers spend too much time agitating for political and social reforms.

In fact, such lawyers spend most of their time handling divorce, child custody and housing dispute cases for people who have no other access to legal aid.

This has been one of the more successful antipoverty programs at providing practical help where help is needed.

Yet the program will expire unless new legislation, setting up an 11-member operating board, is approved by the end of the month.

The fear now is that Nixon will veto the legal services bill (which he once supported) in an effort to woo conservative support for his upcoming impeachment battle.

COLORADO BAR ASSOCIATION,
*Grand Junction Colo., June 18, 1974.*

Hon. RICHARD M. NIXON,
*President of the United States,*
*Washington, D.C.*

DEAR MR. PRESIDENT: The Colorado Bar Association has long been an avid supporter of the Legal Services Corporation Act which now is in the form of HR 7824. We have been pleased that you submitted the proposition to the Congress and although the legislation may not be in the precise form in which it was submitted, we urge you to sign the Bill and assure permanent legal services to the nation's poor.

Yours very truly,

ANTHONY W. WILLIAMS.

THE PRESIDENT,
*The White House,*
*Washington, D.C.:*

Denver Bar Association respectfully urges you to sign H.R. 7824 Legal Services Corporation Act to avoid crisis in provision of legal services to persons unable to afford or obtain such services. Situation very critical in Denver, and other communities.

GILBERT M. WESTA,
*President,*
*Denver Bar Association.*

## IMPACT OF INCREASED GASOLINE PRICES ON FUEL CONSUMPTION

Mr. BUCKLEY. Mr. President, this morning's Wall Street Journal carried a report on the impact of increased gasoline prices on fuel consumption that deserves a close reading.

During the Arab boycott, we engaged in numerous discussions of ways in which we might encourage the American people to reduce their consumption of gasoline on the one hand while stimulating further exploration on the other. Numerous proposals were advanced at the time. Ration stamps were printed. Bills were drawn that would directly involve the Federal Government in exploration and research. Interventionism sounded appealing at that time as we groped for answers to very real problems.

Those of us who urged reliance on the market were largely ignored or dismissed as unable to comprehend the complexities of the energy problem. We were told, for example, that higher retail prices would not significantly affect gasoline because of a virtually inelastic demand for fuel.

Fortunately, however, the market is once again proving itself capable of dealing with the problem of supply and demand in its own uniquely quiet and efficient way. Domestic demand is down as predicted and more money is being channeled into exploration.

This has been accomplished without bureaucrats and without new laws. The American people are responding voluntarily and rationally to a new situation by reducing consumption and using fuel more efficiently.

This is obvious from the fact that most Americans support the lower speed limits which reduce fuel consumption and make it more likely that travelers will arrive at their destinations in one piece.

And it is clear from the shift in automobile buying patterns. Detroit's monsters are not selling as well as they once did as energy conscious buyers choose more economical models. This shift in consumer preferences has in turn affected Detroit's long-range plans so that next year there will be even more small, economical models to choose from.

The evidence is clear—the market does respond to changes in supply. Price does affect demand and consumers do adjust to shortages without the help of energy czars and price regulators.

As the article indicates, European demand for imported oil may drop by as much as 20 million barrels a day because of market adjustments and we may be saving up to 7.5 billion gallons a year for the same reason.

Adam Smith may sound old fashioned, but the mechanisms he described nearly 200 years ago are still more efficient than all the regulatory boards and planners in Washington.

Mr. President, I ask unanimous consent to print this morning's Wall Street Journal article in the RECORD.

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

WITH GASOLINE HIGHER, MOTORISTS BUY LESS, SURPRISING EXPERTS

(By Sharon Sabin)

The high price of petroleum appears to be trimming demand for fuels—even gasoline.

This is a surprise to most oil observers, "Who would have believed that 55-cent gasoline would deter anybody from driving?" asks a puzzled vice president of one major oil company.

Most oil-industry executives—and many economists outside the industry—have held the theory that there isn't "price elasticity" in petroleum demand in the U.S., at least not for gasoline. In other words, it was generally believed that U.S. drivers wouldn't snub the gasoline pump no matter how high the price might go.

The Arabs and other petroleum producers believed this, too. That's why the Organization of Petroleum Exporting Countries boldly tripled world crude-oil prices last fall and winter. But the assumption couldn't be tested until the end of the petroleum shortages created by the Arab embargo.

Now, with supplies plentiful again but gasoline prices 45% higher than a year ago, American motorists are punching some holes in the theory.

STAGNANT DEMAND

Instead of increasing in recent weeks, as had been predicted for the time when shortages eased, gasoline demand in the U.S. is stagnant. At less than 300 million gallons a day here at the peak of the driving season, gasoline consumption is holding dead level with that of last summer, when spot shortages had caused some cutbacks in motoring.

But even that comparison is misleading. There are more motorists and more cars today. This means that individual motorists are buying less gasoline than they did last summer.

Alan Greenspan, the New York economic consultant who is President Nixon's nominee for chairman of the Council of Economic Advisers, calculates that in recent weeks gasoline demand per vehicle has been down 8%, seasonally adjusted, from the level of November 1973, the last "normal' month before the five-month Arab embargo restricted supplies.

The higher price is the reason, says Mr. Greenspan, who was an early dropout from believers in the inelastic-demand theory.

But many oilmen still aren't convinced. "Our feeling is that the American consumer isn't going to be deterred enough by high prices—although he doesn't like them—to change his driving habits," says Harry Bridges, president of Shell Oil Co.

OTHER EXPLANATIONS

Some other oilmen cite reasons besides price for the stagnant gasoline demand, such as the general economic slump, cancellation of vacation trips by people who have unfounded worries about gasoline availability, and an honest desire by many Americans to conserve energy after the recent crunch. And some suggest gasoline consumption is likely to start climbing again soon.

"At the moment, there is price elasticity in gasoline," says Howard W. Blauvelt, chairman of Continental Oil Co. "But is it only a temporary phenomenon?" he asks.

Continental's economists are predicting that total petroleum demand in the U.S. will rise for the rest of the year, by as much as 2% or 3%. Even so, total petroleum consumption for all 1974 would be at least 1% behind that of 1973 because of the sharp declines in the first half of this year.

The decline in total petroleum demand for the year will be due largely to the slump in consumption of gasoline, the oil industry's bread-and-butter product. Americans burn more than 100 billion gallons of gasoline a year and, demand had been steadily climbing 5% to 6% a year until the Arab embargo curtailed supplies.

IMPACT OF FULL EMBARGO

During the first quarter of this year, with the embargo in full force and supplies restricted, gasoline demand was off 6% from a year earlier. After supplies were restored, starting with the March end of the embargo, demand for gasoline continued to be depressed and was down 2% in the second quarter from a year earlier.

Demand has perked up some with the summer driving season under way. But it's still no higher than a year ago, and price seems to be the key. The high price of gasoline, for example, was probably as important a factor as any in the recent surge in demand for smaller cars, which consume less gasoline.

"In the short run, demand will be measurably—not moderately—modified by high prices," says John H. Lichtblau, executive director of the Petroleum Industry Research Foundation, a nonprofit study group funded by petroleum marketing and refining companies.

A clear indication of growing consumer resistance to high pump prices is the recent build-up of gasoline inventories. At 221.7 million barrels, they're up 9% from a year ago. Because of these accumulating stocks, storage space is running short, and some of the oil companies have begun to put pressure on their dealers and distributors to push gasoline sales.

Consumer resistance in the U.S. and elsewhere clearly is a major factor behind the sudden world-wide petroleum surplus. As much as two million barrels of petroleum a day is believed to be going into inventories in the non-Communist countries.

As a result of the surplus, oil prices are beginning to weaken, although they aren't expected to come down much. Kuwait and some other Arab producers have already run into major difficulties in selling crude oil at prices they demanded. The softening in petroleum markets abroad is likely to be reflected in gasoline prices in the U.S.

Mark Owings, manager of marketing economics for Gulf Oil Corp., says he sees "a lack of strength" in the gasoline market. Gulf, the nation's fifth-largest gasoline marketer, last week reduced gasoline prices by 1.6 cents a gallon to pass through lower crude-oil costs. United Refining Co., a large independent gasoline distributor in the East is cutting prices in some areas for competitive reasons.

The appearance of price elasticity in petroleum is sending oil economists back to their charts. In Europe, the Organization for Economic Cooperation and Development has sharply lowered, from 40 million barrels a day to 20 million, its projections of how much oil its 24 member countries will have to import by 1980. Twenty million barrels a day is less than the 24 countries imported in 1972.

In the U.S., the Federal Energy Administration is sure to give more weight to price elasticity in its studies now nearing completion for the Nixon administration's Project Independence, which is intended to free the U.S. of reliance on foreign energy supplies.

Oil observers also expect consumer resistance to high prices to cause a leveling of profits—and perhaps even declines—for the bigger oil companies in the second half of this year. Says Mr. Lichtblau of the Petroleum Industry Research Foundation:

"If the cost of crude oil remains high because of producer-country cartel pricing while consumer resistance to these prices curtails growth in demand, the international oil companies are likely to see quite an erosion of their existing profit margins."

Because few felt that there was any price elasticity in petroleum demand in the U.S., not many studies have been made on the issue. But one economist who has calculated various short- and long-term elasticities for fuels in the U.S. is Michael K. Evans of Chase Econometrics Associates, a unit of Chase Manhattan Bank. His figures indicate that gasoline is the most price-elastic of all fuels, with an elasticity in the short run (which he defines as a year or less) of 0.15 and much greater elasticity over the long haul.

If gasoline prices go up by 50% (they have risen almost that much, to an average of 55 cents a gallon for regular grade from 38 cents in less than a year), a short-term elasticity of 0.15 means that demand should fall 7.5% (50 multiplied by 0.15 equals 7.5). At the current rate of consumption, that would be a drop of 7.5 billion gallons a year.

## COLLECTIVE BARGAINING LEGISLATION

Mr. TUNNEY. Mr. President, in recent weeks we have seen dramatic evidence of growing unrest among public workers. In the city of Baltimore, Md., and in the State of Ohio, public workers recently resorted to strike action to press their demands for decent wages and working conditions. In my own State, workers in the Los Angeles Department of Water and Power briefly struck to press their demands.

The problem in many cases is the absence of an adequate framework for collective bargaining in the public sector. Collective bargaining has long been recognized as a way to avoid labor unrest in the private sector. In the public sector, however, management still clings to the old way of refusing to deal honestly with legitimate worker demands.

A June 23 editorial from the Los Angeles Times emphasizes a need for public sector collective bargaining legislation in my State. In my opinion, though, while that would be a step in the right direction, there is still a need for Congress to consider some sort of Federal law comparable to the Wagner Act to insure a uniform national approach to what is rapidly becoming a national problem.

I ask unanimous consent that this editorial from the July 23 Los Angeles Times be put in the RECORD.

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

STRIKES AND THE PUBLIC: BETTER RULES NEEDED

The agreement ending the short but potentially crippling strike against the Los Angeles Department of Water and Power points up once again the need of state legislation governing collective bargaining for public employes.

Although the state courts have ruled that government workers do not have the right to strike, more and more of California's 1.1 million public employes are turning to the strike as the means of obtaining wage increases, especially in these days of inflation. Such was the strike against the DWP.

The dispute should have been settled at the bargaining table. Fortunately the strike was short. As it was several thousand San Fernando Valley residents were deprived of electricity for three long, hot days. That denial of an essential service could and should have been prevented. The question then, is how?

Existing collective bargaining machinery in the public sector obviously is not adequate, but a redefinition of state law governing the bargaining rights and obligations of public employes holds out a possible solution.

Former Assembly Speaker Bob Moretti has introduced a bill that offers the potential for a more precise definition of state law. Already approved by the Assembly and awaiting a Senate hearing, the Moretti bill would permit a court to forbid a public employe strike if it found that public health and safety would be endangered, and if there was agreement for binding arbitration. The proposed bill could provide an approach that would safeguard necessary public services while providing fair treatment of public employes and taxpayers. It warrants the thorough consideration of the Senate.

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## KIDNEY DISEASE QUESTIONNAIRE—I

Mr. HARTKE. Mr. President, in September of 1972, the Senate passed an amendment to the Social Security Act which established a kidney disease program within medicare. One month later, that program was enacted into law, taking effect on July 1, 1973.

The kidney disease program was unique in the Nation's history. It is the first health insurance program to recognize health care as a matter of right. Anyone within special security employment—or who is the spouse or dependent of such a person—may apply for and receive financial assistance under the program, regardless of age.

For the first 9 months under the program, it was in chaos, and the situation remains critical today. Interim guidelines were delayed and confused, and the regulations were often arbitrary and poorly drafted.

It was just this situation which prompted me to write to hospital associations throughout the country asking a series of basic questions about the program. More than 60 responses from more than 40 States were received, many of them containing detailed information documenting the problems experienced under the kidney program.

Mr. President, I ask unanimous consent that a portion of these responses be printed in the RECORD at the conclusion of my remarks. In subsequent days, I shall ask unanimous consent to have the remainder of the letters printed so that my colleagues may see what can be expected when national health insurance is enacted.

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

U.S. SENATE,
*Washington, D.C., March 15, 1974.*

DEAR —: As you know, Public Law 92-603, enacted by Congress in 1972, established a program to provide Medicare assistance to persons with chronic renal disease. The program began operation in July of 1973.

As the author of the kidney disease program, I am most interested to learn of the experience of hospitals and doctors in your state since last July. Among the questions which I have are:

1. What problems arose at the inception of the program?
2. Have those problems been eliminated as of this date?
3. Have new problems arisen?
4. Approximately how many patients are being served by the program?
5. Does your state have any program to supplement Federal benefits under the kidney disease program?
6. Is there, at present, any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog?
7. Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend?

I would appreciate your taking the time to write to me about the operation of the kidney disease program in your state. The information provided will be turned over to the Senate Finance Committee so that it can monitor the effectiveness of the program, unless you request that your response be kept confidential.

I am enclosing for your information a statement I made on the Senate floor regarding the kidney program and problems communicated to me from Indiana. You will note in that statement report from the Social Security Administration on the problem of reimbursement for this program.

I look forward to hearing from you. If you would like to contact me on this matter, please call my Legislative Assistant, Howard Marlowe, at (202) 225-4814 or write me in care of 313 Russell Building, Washington, D.C. 20510.

With my best wishes, I am
Sincerely,

VANCE HARTKE,
*U.S. Senator.*

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ARIZONA HOSPITAL ASSOCIATION,
*Phoenix, Ariz., April 5, 1974.*

Hon. VANCE HARTKE,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR HARTKE: This letter is in response to your inquiry on the chronic renal disease program under Medicare and PL 92-603. After discussions with Blue Cross of Arizona who is the intermediary for Medicare in Arizona, we have the following answers to your questions.

1. We have had no specific problems in the inception of the program.
2. We have no new problems that have entered the picture since the inception of the program.
3. We do not have an exact count on the patients being served by the program but they are relatively few and in the neighborhood of 6-8 patients.
4. We do not have a state program to supplement federal benefits to the renal disease program.
5. There is no backlog in intermediary reimbursement to health care providers under the program.

Neither the intermediary or our Association have any recommendations at this point for a change in the regulations since we have had very little activity in the program. We should have some recommendations within the next 60 days and at the time they are developed, they will be sent to your attention.

Sincerely,

L. H. WOODRUFF,
*Director of Government and Fiscal Affairs.*

CHILDRENS HOSPITAL OF LOS ANGELES,
*Los Angeles, Calif., April 9, 1974.*

Attention Mr. Howard Marlowe.
Senator VANCE HARTKE,
*Russell Building,*
*Washington, D.C.*

DEAR SENATOR HARTKE: The purpose of this communication is to provide response to your interest in the experience that pediatric hospitals have had with the Medicare Chronic Renal Disease Program. Below is listed our response to your survey as provided to us from the National Association of Children's Hospitals and Related Institutions, Inc. (NACHRI).

QUESTION RESPONSE

1. What problems arose at the inception of the program?

*a.* Confusion on part of parents on how to apply for program and where.

*b.* Since the greatest percentage of our patients were covered under CCS, much confusion on the part of the CCS Program as to Medicare requirements, coverage and procedures.

*c.* Training problems with the hospital's billing office since billing procedures for Medicare were not part of the normal operation.

*d.* Delay in issuing of Medicare authorizations, and the need to bill retroactively to the effective date of the coverage. These patients have numerous admissions and the program billing requirements have caused much billing delay.

2. Have those problems been eliminated as of this date?

Problems 2 and 4 still exist.

3. Have new problems arisen?

Continued processing problems and programs requirements being brought to our attention by fiscal intermediary.

4. Approximately how many patients are being served by the program?

We have 8 active patients on dialysis and 4 on Home Dialysis.

5. Does your state have any program to supplement Federal Benefits under the kidney disease program?

Medi-Cal and Crippled Childrens Services.

6. Is there, at present, any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog?

Not critical at this point.

7. Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend?

Patients having heavy outpatient drug costs which are not covered under the program.

8. Have you experienced difficulty, delay, or red-tape in obtaining Medicare Certification?

No—provider number was issued years ago.

9. Have accounts receivable increased because of any such delay?

No—Medi-Cal and CCS were slow pay prior to this program and we feel that once billing procedures are under control, we will experience better cash turnaround.

Cordially,

R. W. CARSON,
*Administrative Director.*

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LOMBARDY MEDICAL CENTER,
*Wilmington, Del., April 8, 1974.*

Senator VANCE HARTKE,
*U.S. Senator,*
*313 Russell Building,*
*Washington, D.C.*

Re Communication dated March 15, 1974, Public Law 92-603, Chronic Renal Disease Program.

DEAR SENATOR HARTKE: I appreciate your interest in the Chronic Renal Failure Program and particularly your interest in Public Law 92-603.

In answer to your questions posed in your letter of March 15, 1974, our initial problems at the inception of the program was a totally unprepared bureaucratic system which in turn caused a great deal of delay in getting eligibility dates, etc. Initial problems of repetitive paperwork concerning chronic dialysis patients has persisted to this time. Our difficulties in getting appropriate eligibility dates for patients based on medical need has somewhat improved, due primarily to close cooperation between the Nephrologists of the area (myself and Dr. Robert Flinn) and the Medicare Administration locally. We have had continued difficulties in filling out a rather overlong and complex application for exception to develop a satellite unit capacity. Ours is a new program and the patient volume is steadily increasing, particularly since the inception of the Medicare program. The need for satellite units has arisen quickly and in fairly large numbers. This difficulty in initially obtaining the application form to develop such a satellite capacity and subsequently in completing such form has been a major problem. At the moment, some of these problems do seem to be behind us, but only the future will tell for sure.

In response to "new problems" there have been none that I am aware of.

We are currently serving between 30–35 patients who are at end stage renal failure. There are approximately 10–12 additional patients identified as near end stage and the volume of patients presenting to the program does seem to have increased to about two times that of about two years ago.

In response to Question 5, we do have a small program here in the State of Delaware to supplement as "last dollar" funding for indigent patients or patients who do not have complete funding. This program will require an increase in the State allocation if it is to continue to be as useful as in the past.

We at the moment do have a four month backlog in the intermediary reimbursement to the Wilmington Medical Center for the Chronic Renal Disease Program. Again, as with the initial paperwork problems I mentioned above, this is the end result of a rather complex series of negotiations between the Wilmington Medical Center and the Blue Cross Intermediary and between the Nephrologists and Wilmington Medical Center. The latter negotiation was necessary because of a lack of "Physician fee for service" provision under the stipulations of the End Stage Renal Disease Program. These problems do seem to be behind us and I anticipate the backlog will work its way through in the very near future. In this regard, we have had virtually no problems from the local Medicare program. They have provided every possible cooperation with us within the limits of the Public Law 92–603.

Coming finally to your last questions, there are changes that I feel would be appropriate. I believe more local control from the local fiscal intermediary would be appropriate. The local Medicare people have developed an extremely good rapport with us and with the Wilmington Medical Center and have seemed to provide every service to the benefit of the patient that is feasible. Where they have fallen down is usually in the area of a need to contact National Offices for clearance of certain exceptions, etc. Although I realize this may not be within your authority to change things, I do believe that it would be appropriate to grant more local control.

I also feel that it would be appropriate for the patients to be granted full out-patient coverage of equipment and laboratory funding. In this way, it would eliminate some unnecessary hardships that currently exist in the form of "deductibles" for medically indigent patients on a yearly basis. Finally, in terms of "nuisance work", repetitive history and physical forms which seem to be filled out, lost and "refilled out" could be either streamlined or virtually eliminated. In spite of the attempts by the local Medicare office to improve this area, very little progress has been made. I understand the Government's need for validation and documentation but I feel we had an "overkill" situation.

Again I would like to express my thanks for your interest in this program nationally and your time taken to read this letter concerning our problems locally. Certainly these patients present a very unique form of severe and chronic medical illnesses and the benefits of the "HR–1" program, not withstanding the many problems that have arisen, are unmeasurable. Thank you again.

Sincerely,

WILLIAM E. MILLER, M.D.,
*Associate Director, Hemodialysis Unit, Wilmington Medical Center.*

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WILMINGTON, DEL., *June 12, 1974.*

Re Chronic Renal Disease Program.

Senator VANCE HARTKE,
*U.S. Senator,*
*Russell Building,*
*Washington, D.C.*

DEAR SENATOR HARTKE: I am writing you in follow-up to your inquiry of March 15, 1974 and my reply of April 8, 1974 concerning the Chronic Renal Disease Program.

Since that time, I have noted that, contrary to your efforts on behalf of the Chronic Renal Disease Program, that more paper work and more delays have become permanent rather than been improved. Specifically, in response to a demonstrated need in our community, we have been trying to set up a satellite dialysis unit. We have virtually unanimous approval from the various local and regional authorities and commissions for such a unit and in fact it would be the only unit of its kind in the State of Delaware. However, we have found that there are repetitive road blocks being thrown up by the Medicare Administration Center in Rockville, Maryland. Through the excellent cooperation of the Community Health Planning Council here in Northern Delaware, the local Medicare Personnel, and Mr. Fred Park of the Bureau of Health Insurance located in Philadelphia, we have been able to hopefully expedite some of these obstructions. However, as I mentioned in my previous letter, it would seem to be more appropriate to somehow untangle the mass of red tape and "make work" activities of Rockville and give more local, or at least regional, autonomy. In the eyes of Mr. Park and apparently of his Council in Philadelphia on the regional level, there should be no difficulty whatsoever with our application for permission to set up a unit. The need certainly is there and by the time these various obstructions are totally overcome and the physicial plant is built, the delay will result in the compromise of more than one patient's health.

Again I appreciate your attention to any matters concerning the Renal Program both here and nationally. I know that our situation is not unique and I hope other Physicians across the country are taking the time to write to you. I thank you again for your interest.

Sincerely,

WILLIAM E. MILLER, M.D.

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ASSOCIATION OF
DELAWARE HOSPITALS, INC.,
*Dover, Del., April 9, 1974.*

Hon. VANCE HARTKE,
*U.S. Senator,*
*Washington, D.C.*

DEAR SENATOR HARTKE: In my letter to you, dated March 22, I indicated that I would send you the information reported to me by our hospitals concerning your questions on the kidney disease program in Delaware.

I forwarded your questions to the nine hospitals in Delaware and to Blue Cross, Department of Health and Social Services and the Health Planning Council. Since the answers that I have received to date have taken various forms, I will not attempt to compile them, but simply forward them to you. If I should receive any additional replies, I will forward them also.

I am hopeful that these answers and comments will prove helpful to you and assist your efforts to determine the effectiveness of this most important program.

Sincerely,

BARBARA B. FIDLER,
*Administrative Assistant.*

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ASSOCIATION OF
DELAWARE HOSPITALS, INC.,
*Dover, Del., March 22, 1974.*

Hon. VANCE HARTKE,
*U.S. Senator,*
*Washington, D.C.*

DEAR SENATOR HARTKE: We are in receipt of your letter of March 15 concerning the kidney disease program and the problems encountered with regard to reimbursement.

We will survey our hospitals, using the questions you posed, and send you the results as soon as they are available.

Sincerely yours,

BARBARA B. FIDLER,
*Administrative Assistant.*

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BLUE CROSS, BLUE SHIELD, OF DELAWARE,
*Wimington, Del., March 28, 1974.*

MS. BARBARA B. FIDLER,
*Administrative Assistant, Association of Delaware Hospitals, Inc., Dover, Del.*

DEAR MS. FIDLER: Your memorandum of March 24, 1974, asked for comments about the problems being experienced in the renal disease program. We would limit our comments to three areas raised in Senator Hartke's letter.

First of all, some of the problems that arose at the inception of the program have for the most part been eliminated and therefore we will not comment on them.

With regard to question 5 in Senator Hartke's letter, the following supplemental benefits are availble:

1. The Chronic Renal Disease program of the Division of Public Health, which generally covers the "two month waiting period" applicable under the Medicare Program and the services and supplies not covered by Medicare. Of course, this is subject to the availability of the State appropriation.

2. The Title XIX (Medicaid) Program covers the same as (1) above for those recipients eligible under the State Medicaid Program.

3. Blue Cross and Blue Shield of Delaware provides supplementary benefits for the program except for coverage of supplies.

In answer to question 6, it is our information that the Wilmington Medical Center delayed submitting approximately $75,000 in claims for outpatient kidney dialysis services principally because of the very burdensome paper work requirements that must be met before claims are acceptable.

The changes we would recommend in response to question 7 have to do with a reduction in the paper work now faced by the providers. Since kidney dialysis was first available in Delaware, some coverage has been available to patients who were entitled to benefits under one of the three programs mentioned above. None of these programs required such extensive documentation and our experience indicates that the use of services under these programs was generally appropriate. Now, with the new requirements, providers are being bogged down with paper work in attempting to collect information

which may or may not have pertinence to the issue of coverage. Hence, it is our recommendation that the administrators of the program examine the value of the extensive data that is obtained.

In closing, it is well to make a general observation. We have reviewed the Congressional Record of Tuesday, March 5, and find that the comments contained therein relate problems which are common to us in Delaware as well. It should be further pointed out, however, that because the Delaware providers do not have a renal transplant program at this time, the problems in administering this benefit do not apply.

Sincerely,

COURTNEY H. TABER.

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WILMINGTON MEDICAL CENTER,
*Wilmington, Del., April 3, 1974.*

Ms. BARBARA B. FIDLER,
*Administrative Assistant, Association of Delaware Hospitals, Inc., Dover, Del.*

DEAR MS. FIDLER: The following are our responses to Senator Hartke's questionnaire relative to the kidney disease program:

1. What problems arose at the inception of the program? Communication between hospital and intermediary principally because of HEW not publishing regulations to implement the law.

2. Have those problems been eliminated as of this date? Yes.

3. Have new problems arisen? No.

4. Approximately how many patients are being served by the program? 18.

5. Does your state have any program to supplement Federal benefits under the kidney disease program? Minimal—not significant.

6. Is there, at present, any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If, so how much of a backlog? No.

7. Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend? Improvement or elimination of form SSA 2742 and SSA 2743 required for billing purposes. Presently the provider must also complete forms SSA 1453 for inpatient and form SSA 1483 for outpatient along with the two special forms—SSA 2742 and SSA 2743.

If you have any questions, please contact me.

Sincerely,

H. RICHARD PEARCE,
*Controller.*

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HEALTH PLANNING COUNCIL, INC.,
*Wilmington, Del., December 10, 1973.*

Mr. JESSE L. LYNN,
*Region Representative, Department of Health, Education & Welfare, Philadelphia, Pa.*

DEAR MR. LYNN: The renal dialysis situation in the State of Delaware has arrived at a disastrous point in time. H.R. 1 has opened the way for many people within the State of Delaware to seek treatment for renal failure. At the present time, the Renal Dialysis Department of the Wilmington Medical Center is flooded and treating patients in the hallways. They also were forced to reduce the number of treatments from three to two times per week. If this mode of treatment continues, disaster can strike many of these patients. I understand this situation is not peculiar to the State of Delaware alone. I have been informed the Cleveland Clinic is treating ninety patients on once-a-week dialysis instead of the needed three times per week.

This condition is drawn to your attention as the person responsible for this program in Region III, and by sending copies of this letter to my Congressional Delegation hope we might help move this logjam.

I realize the complications that come about when a new program is started, but I don't understand the holdup on approval of satellite clinics to treat the chronic patient as called for in H.R. 1. The problems of fees that seem to be holding up the implementation of this section of the law are certainly not insurmountable and I would call upon you to do everything within your power to see that the problems of payment to facilities and the doctors are resolved as quickly as possible.

As a Planner, we encouraged the amalgamation of the Crozer-Chester Hospital and the Wilmington Medical Center in setting up satellites to take care of the chronic case of renal failure because we felt strongly that treatment of chronic cases is not the business of an acute general hospital. Treatment in a satellite center can be accomplished at a lower cost than in the large hopsital. As a believer of Secretary Weinberger's approach to cost containment, the Health Planning Council has commented favorably on the New Castle County satellite project.

In working with the Federal Government for many years, I have come to understand the problems involved, but I don't understand delays when the lives of people are at stake. We have held out a ray of hope to many people who are suffering from renal failure and now we are dimming that ray of hope.

I sincerely hope that you and your good office will do all within your power to help clear up whatever problems exist so that this important program can be implemented the way that American medicine is used to doing.

Sincerely,

CLIFFORD T. FOSTER,
*Executive Director.*

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ALFRED I. DUPONT INSTITUTE,
OF THE NEMOURS FOUNDATION,
*Wilmington, Del., March 27, 1974.*

Miss BARBARA B. FIDLER,
*Administrative Assistant Association of Delaware Hospitals, Inc., 5 East Reed Street Dover, Del.*

DEAR MISS FIDLER: In response to your memorandum of March 22 concerning the chronic renal disease program, please note that the Institute has not participated.

Your truly,

DAVID B. GRAY,
*Manager, Research Services.*

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GEORGIA HOSPITAL ASSOCIATION,
ATLANTA, GA., *June 17, 1974.*

Senator VANCE HARTKE,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR HARTKE: We have received another reply to our survey concerning the chronic renal disease program under Public Law 92-603.

This report comes from the teaching hospital of the Medical College of Georgia in Augusta. We have previously sent you a report from Grady Memorial Hospital, which is the large teaching hospital in Atlanta affiliated with the Emory University School of Medicine.

With kindest regards, I am.

Sincerely,

GLENN M. HOGAN,
*Executive Director.*

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MEDICAL COLLEGE OF
GEORGIA HOSPITAL CLINICS,
*Augusta, Ga., May 7, 1974.*

To: Administrators, Members Institutions.
From: Glenn M. Hogan, Executive Directors.
Subject: Chronic Renal Disease Program.

We have been requested by Senator Vance Hartke, United States Senator from Indiana, to give a report on the chronic renal disease program and its operation since July of 1973. As you know, Public Law 92-603 created support for chronic renal disease.

Senator Hartke was the author of the kidney disease program and is interested in learning of the experience of the hospitals and doctors in our state since July. We would appreciate your answering these questions and returning them to us so that we might give a consolidated report to Senator Hartke.

1. What problems arose at the inception of the program? Organizing internal for prompt billings for reimbursement to appropriate agencies.

2. Have those problems been eliminated as of this date? Yes.

3. Have new problems arisen? Professional Fee Billings.

4. Approximately how many patients are being served by the program?

5. Does your state have any program to supplement Federal benefits under the kidney disease program? Georgia Division of Vocational Rehabilitation; The Kidney Program for Georgia; Georgia Medicaid.

6. Is there at present any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog? No.

7. Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend? Programs to continue satellite operations; Re-examine schedule of allowable procedures for laboratory and other areas.

We appreciate your support and hope that you will help us in this survey.

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GEORGIA HOSPITAL ASSOCIATION,
*Atlanta, Ga., May 30, 1974.*

Senator VANCE HARTKE,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR HARTKE: Some time ago you wrote us inquiring about the problems in connection with the chromic renal disease program as established by Public Law 92-603 (Medicare amendments).

We have always appreciated your interest in the kidney disease program and your authorship of the amendment. In Georgia we have had, as you might imagine, only a very few hospitals engaging in renal dialysis.

After sending out a questionnaire, we received a good many returns from hospitals indicating that the questions were not applicable in their situations. However, I have now received a report from Grady Memorial Hospital here in Atlanta, which was the first hospital to install a kidney machine in our state. They carry on a considerable activity and have been utilizing the new program.

I believe the report from Grady Memorial Hospital will be useful to you and am enclosing this report in the same form as received by this office.

There are two or three other large hospitals in the state from which we hope to receive reports and as these come in, I will pass on to your office.

We regret the delay, but hope the comments will still be useful.

With kindest regards, I am

Sincerely,

GLENN M. HOGAN,
*Executive Director.*

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GRADY MEMORIAL HOSPITAL,
*Atlanta, Ga., May 7, 1974.*

To: Administrators, Member Institutions.
From: Glenn M. Hogan, Executive Director.
Subject: Chronic Renal Disease Program.

We have been requested by Senator Vance Hartke, United States Senator from Indiana, to give a report on the chronic renal disease program and its operation since July of 1973. As you know, Public Law 92-603 created support for chronic renal disease.

Senator Hartke was the author of the kidney disease program and is interested in learning of the experience of the hospitals and doctors in our state since July. We would

appreciate your answering these questions and returning them to us so that we might give a consolidated report to Senator Hartke.

1. What problems arose at the inception of the program? Extremely long delay in patients receiving HIC number. Late publication of guidelines. Lack of physician incentive to train patients for home dialysis.

2. Have those problems been eliminated as of this date? Not completely. Some delay still exists in notifying patients of Medicare certification.

3. Have new problems arisen? Response to "Notice of Admission" unusually slow. Response to query by intermediary on outpatient claims is slow. Shortage of knowledgeable nephrologists to handle increased patient load.

4. Approximately how many patients are being served by the program? 150.

5. Does your state have any program to supplement Federal benefits under the kidney disease program? Acts as co-insurance coverage to Medicare for patients meeting financial need eligibility requirements. However, does not provide funding for assistance in home dialysis.

6. Is there at present any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog? $194,444.00.

7. Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend? SSA2742 should be a part of patients application for Medicare benefits. SSA2743 should be eliminated and a claim form designed incorporating needed information. Should lend itself to computerization. Provide coverage of transplant related medical expense now excluded by patient eligibility criteria. Provide funding for assistance in home dialysis. (Dialysis aide) Provide funding for nephrology manpower training and research. Establish more realistic criteria for exceptions, and more timely handling of requests for provider certification of new facilities.

We appreciate your support and hope that you will help us in this survey.

FRANK LAWFORD,
*Assistant Director.*

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SAINT FRANCIS HOSPITAL,
*Honolulu, Hawaii, April 9, 1974.*

Mrs. MARY LOU YAP,
*Assistant Director, Hospital Association of Hawaii, Honolulu, Hawaii.*

DEAR MRS. YAP: Our answers to the questions stated by Senator Vance Hartke are as follows:

1. Our fiscal intermediary did not receive the regulations to implement the kidney disease program on a timely basis. Upon receipt of such regulations, both the hospital and fiscal intermediary had great difficulty in interpreting and implementing the program.

2. Although the majority of the billing portion of the regulation has been clarified, we have not received from our fiscal intermediary details as to how the cost reimbursement formulas will be interpreted. The reimbursement presently received is still contingent on the final audit of the cost of reimbursement and thus this document is of vital importance in order to determine the actual reimbursement to be received. The question of physician's supervision fees still presents a problem.

3. Reimbursement on supplies and maintenance of equipment has arisen in recent months.

4. We have approximately 127 patients.

5. The State of Hawaii appropriated $300,000 per year for 1973–74. There is some feeling that since H.R. 1 has been passed, a lesser amount should be allocated and possibly deleted.

6. Yes—approximately $650,000 as of February 28, 1974.

7. A. One of the recommended changes is the liberalization of coverages in the following areas:

1. Home visit charges. Nurses visits to home care patients, perse are not covered; however, these charges would be covered if through some conversion they are treated as supplies charges. The regulations should be revised to permit home visit charges to be charged as such rather than disguised as other items.

2. Maintenance of hemodialysis equipment for home use by a manufacturer's representative. Routine periodic servicing or maintenance by a manufacturer's representative is not a covered item. (Section 3113.3B Coverage of Services Intermediary Manual). Such servicing includes testing, adjusting and other work to determine that the equipment are working properly. This can be done only by a qualified person and is not done for the convenience of the beneficiary. It is recommended that these charges be included under covered services.

3. Doctors' supervisory charges related to dialysis treatments. Currently these charges cannot be billed separately but must be included as part of the dialysis charges which coverage is limited by a "Screen Amount." The inclusion of the supervisory charges has the effect of the dialysis charges exceeding the reimbursement screen limitation; therefore, it is recommended that the supervisory charges be allowed as a separate physician charge. Separate billing for this item will facilitate the processing of the bills for the dialysis treatments. At present, there is a delay in billing because the information for supervisory charges must be obtained directly from the physicians.

4. Various supplies and accessories used in connection with dialysis. These items which include blood pressure cuffs, stethoscope, forceps, scissors and similar types of physicians instruments, and other nonmedical items such as stop watches are not presently covered by the program (Sec. 60–1, Chapter II—Coverage Issues, Appendix, Intermediary Manual). However, these items are essential items in the dialysis treatments and are issued individually to each patient. It is recommended that coverage be extended to these items when prescribed by physicians.

5. Take home drugs. Drugs prescribed by a physician to be taken at home in connection with the patient's renal disease treatments are not covered by H.R. 1 even though these drugs are necessary to maintain the patient in a stabilized condition. In some cases, the cost of these drugs approaches or exceeds $100.00 per month. It is recommended that take home drugs prescribed by a physician be covered.

B. Fiscal management is an integral and important aspect of the kidney disease program. The initial reimbursement for the providers cost was made approximately five months from treatment. Currently reimbursement of cost is on a 2½ to 3 months delay basis placing the provider in a precarious financial position.

It is recommended that the intermediary be permitted to pay on a reasonable and current reimbursement basis.

C. We also recommend that regional officers of SSA and local fiscal intermediaries of the Chronic Renal Disease Program be delegated more authority and responsibility for decision making and interpretation of program regulations and policies. The necessity for referring many questions concerning billing, coverage, etc. to regional offices or Baltimore or Washington authorities has been one problem area in working with the program. The referral of questions through the various levels contributes to delay and backlog of reimbursement to providers of services.

Very truly yours,

MICHAEL MATSUURA,
*Assistant Administrator.*

KUAKINI HOSPITAL AND HOME,
*Honolulu, Hawaii, April 3, 1794.*

Hon. VANCE HARTKE,
*U.S. Senator,*
*U.S. Senate.*
*Washington, D.C.*

DEAR SENATOR HARTKE: I am replying to your letter to Mr. Ollie Burkett, Executive Director of Hospital Association of Hawaii, regarding Public Law 92–603 and Kuakini Hospital and Home's experience in the implementation of this law since July 1, 1973.

Kuakini Hospital and Home presently has a kidney disease program for a mobile unit to take care of emergency renal failure, acute care before patients become chronic, chronic end stage kidney disease program on an outpatient basis, self care unit on the hospital grounds for those who can care for themselves, a home care program for those who can carry on the maintenance program at home, and satellite programs on the neighbor islands at centralized general hospitals. With this background of the program, we will attempt to answer the questions you have posed for Mr. Burkett.

1. What problems arose at the inception of the program?

At the inception of the program, regulations were not finalized and various forms for SSA eligibility, medical eligibility and billing forms were not developed. However, in spite of not knowing which patients were eligible for care at what time and for how much, the hospital billed Medicare starting July of 1973.

2. Have those problems been eliminated as of this date? No.

A. Presently there are four part forms, SSA 795, SSA 2728, 2742 and 2743. SSA 2743 is a billing form which we use by xeroxing additional copies each time we bill because Medicare is still unable to furnish these forms.

B. The Report of Eligibility (ROE) still consumes a great deal of time from the date of submission to final reimbursement for the following reason:

It takes an average of one to two weeks for Baltimore to give us a report of eligibility of patients. The ROE determines deductibles met by patients and their days of eligibility remaining. Hospitals then are allowed to bill for homodialysis patients. It takes another two weeks for the Medicare intermediary to make payments so that it takes an average of over a month for the hospital to be reimbursed after a patient has received treatment.

C. Recently we met with the Medicare intermediary of Hawaii to resolve the very problems you asked in your questions. Attached is a summary of our hemodialysis claims to Medicare and the analysis of the outstanding accounts. The hemodialysis claims were first billed in July of 1973 and the very first payment of these claims was received in December of 1973. Since then, we have been reimbursed monthly and as of March 27, 1974, we have an outstanding account of $81,877.03. The analysis of this outstanding account explains the delay. An example picked at random from our books shows that a patient receiving treatment on November 19 to the 25th, 1973, had to await the report of eligibility from Baltimore until February 4, 1974. Only then could the hospital bill for the patient. Another example relating to ROE is that whereas the hospital business office, physician and the social services department help the patient initiate and fill these forms, the patient is the only one who gets a report of his eligibility stating the effective date and often patients do not inform the hospital because they are not aware of the importance of the eligibility date. It would help tremendously of the institution treating the patients is also informed of the effective date of the patients' eligibility so that the hospitals can process billing.

3. Have new problems, arisen? Yes

A. There are a few laboratory tests that the physician feels necessary to do special studies for other medical complications to give appropriate care to the patient but is refused payment because the tests are not listed on the eligible test list, which is the list for renal disease and not other complications.

B. Home dialysis patients are not covered for cost of maintenance of their machines. The regulations state that if a patient cannot maintain his own machine, the program will pay for the cost of maintenance. However, the local intermediary says that the patient can maintain his own machine. Our physicians, nurses, and patients disagree with this local ruling because experience has shown that we have had to have our maintenance people take special instructions to learn how to carry on maintenance of the dialysis machine. It takes a trained person to carry out this function. Patients or family members are unable to do this. Therefore, cost of maintenance and travel time to the home should be a covered cost.

Peritoneal dialysis is a covered care. However, since patients had to stay in the hospital overnight, we had to get a report of eligibility for each visit which was about two or three times a week. This problem has now been eliminated because the regulations have been amended to treat peritoneal dialysis overnight stays as out-patients.

4. Approximately how many patients are being served by the program?

Fourty-two patients at various levels of dialysis are presently being served by Kuakini Hospital and Home's program.

5. Does your state have any program to supplement Federal benefits under the kidney disease program?

Yes. The Legislature appropriated funds to supplement provider insurance benefits prior to the Federal benefits of July 1973. These funds are still available but plans are under way to phase out this appropriation since Medicare now covers the chronic renal disease programs.

6. Is there, at present, any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog?

Yes. As of March 27, 1974, we had an outstanding account of $81,877.03 as discussed in question No. 2.

7. Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend?

Yes. As stated above, we feel that the maintenance cost of home dialysis machines, which would be about once every two months, should be covered by Medicare since the patients or family members are not able to carry out this function and that it requires a trained, experienced person. Laboratory tests that are medically necessary not listed in the eligibility test list should also be covered.

Is there any way that the query for report of eligibility can be handled faster, realizing that Baltimore is replying as fast as they can?

Sincerely yours,

RONALD M. OBA,
*Vice President.*

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*Hemodialysis claims*

| | |
|---|---|
| Billed on Hemodialysis accounts, January 31, 1974 | $272,379.90 |
| Amount Paid on Hemodialysis accounts, March 27, 1974 | 190,502.87 |
| Outstanding accounts | 81,877.03 |

*Analysis of outstanding accounts*

| | |
|---|---|
| Pending query reply (Report of eligibility from Baltimore) | $48,317.23 |
| Questionable claims | 18,148.36 |
| Incomplete information | $7,973.48 |
| Pending claims | 7,437.96 |
| Total | 81,977.03 |

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IDAHO HOSPITAL ASSOCIATION,
*Boise, Idaho, March 18, 1974.*

Hon. VANCE HARTE,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR HARTKE: Thank you very much for your letter of March 15 regarding the chronic renal disease program as approved in P.L. 92-603. We have only one such program in Idaho, and it is located at the St. Alphonsus Hospital in Boise. There have been some major problems with the program, and I have contacted Idaho's Congressmen outlining those problems. However, I am forwarding your letter to the Administrator at St. Alphonsus, Sister Justine Marie, and am requesting that she answer your letter.

Thank you for your interest and I am sure that you will be hearing from Sister shortly.

Cordially,

JOHN D. HUTCHISON.
*Executive Vice President.*

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KIDNEY FOUNDATION OF ILLINOIS, INC.,
*Chicago, Ill., March 21, 1974.*

Hon. VANCE HARTKE,
*U.S. Senator,*
*Washington, D.C.*

DEAR SENATOR HARTKE: The Illinois Hospital Association referred your letter of March 15th concerning medical assistance to persons with chronic renal disease. I am enclosing a letter from Dr. James C. Hunt and Mr. Jordan Ringel, officials of the National Kidney Foundation concerning problems with the program. Also enclosed is a copy of a letter from Dr. Edmund Lewis, Chairman of the Medical Advisory Board in Illinois concerning these same problems.

By copy of this letter, I have referred your correspondence to Dr. Joyce Lashof of the Illinois Department of Public Health, under whom an excellent state kidney program has been operating. I am sure the viewpoint you will receive from Dr. Lashof will be a significant one since Illinois has had the best program for treating dialysis patients—the Health Department's renal program has been in operation since 1967 and has gained valuable experience in how a kidney program should operate. Evidence of this is the fact that in Illinois we have approximately 100 kidney patients per million population—when the national average is somewhat below 50 per million.

If we can be of any further assistance, please do not hesitate to contact us.

Sincerely,

RICHARD P. DEMERS,
*Executive Director.*

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RUSH-PRESBYTERIAN-ST. LUKE'S MEDICAL CENTER,
*Chicago, Ill., March 11, 1974.*

RICHARD P. DEMERS,
*Executive Director, Kidney Foundation of Illinois, Inc., Chicago, Ill.*

DEAR DICK: As you are aware, as the Regional Representative for the National Medical Advisory Council, I am compiling information regarding the critique of the National Kidney Foundation Position Paper on HR-1 Legislation. I am providing the following information to Dr. Arvin Weinstein, as representative of the communications received from Drs. David Earle, Earl Smith, Robert Muehrcke, Ronald Kallen and Casimir F. Firlit. In addition the Position Paper was consideerd at the January 15th meeting of the Medical Advisory Board of the Kidney Foundation of Illinois and further discussed.

While the Members of the Medical Advisory Board felt that there were many strong points to the document, criticism was evoked in several areas. First, there was considerable criticism regarding the superimposition of a new system of administration, review and monitoring on an existing model in the State of Illinois which has apparently been extremely successful. Particular criticism was levelled towards the complex system of review proposed in the document. In addition, the membership of the area Review Board was considered and it was felt that this should be more strongly described, with a clear indication of medical representation and the way in which members would be placed on this Board. It was further felt that existing programs related to the care of the patients with renal failure should be certified without delay, rather than be submitted to the cumbersome system suggested in the paper.

A second area of considerable concern was that of the relationship of dialysis to transplantation. It was not clear who was to evaluate various transplant programs and how these programs would be evaluated. In a sense, it was felt that dialysis was being placed subservient to transplantation in the total scheme of the program and this was felt to be a position with little merit. The definition of a transplant surgeon, according to the document was not clear. In addition it was unclear as to why it was necessary for a transplant surgeon to be involved in the acceptance of each patient on to a Dialysis Program and presentation of treatment programs to the patient. If the care of the patient with renal failure is to be carried out in the same manner as in the care of any other patient in this country, then it was felt that the patient's primary physician should be responsible for communications between doctor and patient.

Thirdly, several members of the Medical Advisory Board emphasized that the cost of the program proposed in the Position Paper would be far in excess of that which is presently operating in the State of Illinois. On the basis of a variety of cumbersome administrative organizations, the cost of chronic renal failure care could be considerable. In addition, the lack of emphasis on home dialysis and programs which would decrease the cost of hemodialysis would also increase the general cost of the program.

In general, it was felt that the paper was written by physicians in academic medical centers and little consideration was given to the nephrologist who actually cares for the patient in the community. The paper was characterized as consumer-provider oriented rather than doctor-patient oriented, a subtle difference which reflects the relatively callous appoach of government administered programs. As this paper was a paper created by physicians for sponsorship of a voluntary organization, its emphasis would have been more appropriately doctor-patient oriented.

Rather than cover all of the details of the various letters that I have received, I am enclosing copies for the Foundation's files. In addition I would appreciate your circulating this summary statement to the Members of the Medical Advisory Board.

Sincerely yours,

EDMUND J. LEWIS, M.D.,
*Professor of Medicine.*

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NATIONAL KIDNEY FOUNDATION,
*New York, N.Y., February 18, 1974.*

MEMORANDUM

To. Chairman, Medical Advisory Boards Affiliates, National Kidney Foundation.
From. James C. Hunt, M.D., President
Jordan Ringel, Chairman,
National Kidney Foundation.
Subject. Implementation of Public Law 92-603, Title II, Section 299I.

Comments:

1. Many concerned individuals have called to our attention critical problems associated with implementation of Public Law 92-603 (HR1).

2. A summary of observations reported to us was presented to the staff of the Senate Finance Committee on Wednesday, January 13, 1974.

3. The enclosed letter to Secretary Weinberger was developed by the Public Policy Committee, National Kidney Foundation as authorized by the Executive Committee of the Trustees.

4. We submit that reasonable opportunity has been provided to the various agencies responsible for activation and accomplishment of the legislative provisions of Public Law 92-603; therefore, it is in the interest of the National Kidney Foundation, the affiliates of the National Kidney Foundation, and the public at large that we require reasonable response to health care provisions of this law.

5. Problems encountered by patients, hospital administrators, physicians and other health care professionals in obtaining medical care under PL 92-603 for dialysis and transplantation should be called to our attention.

6. Suggestions should be written, short, constructive and objective.

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RUSH-PRESBYTERIAN-ST. LUKES
MEDICAL CENTER,
*Chicago, Ill., April 19, 1974.*

Hon. VANCE HARTKE,
*313 Russell Building,*
*Washington, D.C.*

DEAR SENATOR HARTKE: I have received a letter from Laurie G. Wallach of the Illinois Hospital Association requesting information regarding the Federal Chronic Renal Disease Program.

I have taken the liberty of providing you with a letter that I wrote to Dr. James Hunt, the President of the National Kidney Foundation, regarding the chaos that has arisen in the wake of the new Federal Legislation. The situation at our institution is symptomatic of the situation in the entire State of Illinois. Since the enactment of Public Law 92-603, patients with kidney diseases cannot be assured the quality of care that existed prior to the enactment of this legislation.

I believe that the information in my letter answers, in varying degrees, the questions that you ask of the Illinois Hospital Association in your letter of March 15th. Among the deficiencies of the interim regulations which have been published by the Social Security Administration is a total lack of incentive for patients to be placed on home hemodialysis. This latter fact will account for a considerable increase in government spending regarding this program, insofar as our ability to get a proportion of patients back to their homes, where they can be dialyzed by members of their family, or carry out self-dialysis, is significantly impaired. In addition, mechanisms for reimbursement for professional services have not been mentioned in the Federal Guidelines, thus leaving physicians in a quandary regarding their role in patient care in this Program. Institutional reimbursement has had a considerable lag, however I am sure that you will get more accurate data regarding this latter point from other sources.

Speaking as a private citizen, I am appalled by the fact that Federal Legislation can be written in order to supersede local legislation regarding health care and result in a diminished ability to provide that care. Certainly, our experience in renal diseases in the State of Illinois would indicate that programs for health care that are instituted by the Federal Government might have a more positive impact if it were to supplement local programs rather than supersede them.

I would be happy to further correspond with you on this subject, should you require further information. Thank you for your interest.

Sincerely yours,
EDMUND J. LEWIS, M.D.
*Professor of Medicine.*

RUSH-PRESBYTERIAN-ST. LUKE'S
MEDICAL CENTER,
*Chicago, Ill., February 7, 1974.*

JAMES C. HUNT, M.D.,
*President, National Kidney Foundation, Mayo Clinic, Rochester, Minn.*

DEAR DR. HUNT: It is my understanding that, in your role as President of the National Kidney Foundation, you will have some opportunity to communicate the effect of recent Social Security legislation upon the care of patients with chronic renal failure to members of our representative government in Washington. I therefore wish to describe to you some of the many adverse effects that the confusion surrounding the regulations related to this legislation has had upon my ability to care for my patients.

As a matter of background I would like to describe the situation that existed in my practice and generally in the State of Illinois prior to the passage of the new Federal legislation. The State of Illinois has had a Kidney Disease Program for approximately five years. This program was administered by the Department of Public Health and was created in order that medical facilities and physicians could be reimbursed for the dialysis care of all eligible patients with chronic renal failure. The yearly budget of the Kidney Disease Program was approximately $1,000,000 and a similar amount of money was spent by the State Department of Welfare for patients who were eligible for the latter. A rate of $180 was paid to the institution for each chronic hemodialysis procedure, the professional component of this (i.e. the physician's fee) was negotiable. In our case, this was $25 per dialysis. All administrative procedures relative to certification of the dialysis facility, evaluation of patients for eligibility for the State Program and payment procedures were carried out smoothly and without delay by the Department of Public Health. We never had any problem regarding paper work or payment procedure. The institution was reimbursed promptly. The system, which was supported by an extremely small staff, essentially run by one person in Springfield, Illinois, was a very efficient one from our point of view. I was never forced to delay dialysis nor to reject a patient for dialysis therapy because of financial affairs. With the passage of the Federal legislation, an entirely new system was created entailing significant problems. Firstly, my patients, most of whom are from low income groups, were forced to register with the Social Security Administration. This entailed numerous trips to the local office with considerable confusion on the part of the patients and those who had to administer the program. In addition, we, as physicians, were faced with a large volume of new documents which led to a time consuming effort of supplying the same information that we had originally supplied to the State as well as new information. The above indispositions may not be considered serious by those who spend their lifes in an administrative position, however there is some limit to the amount of time that can be spent away from the patients for whom we are responsible.

Of greater importance regarding the future of our program, the interim regulations for the Social Security legislation did not include a physician's fee. In accord with Medicare rules, the physician's fee would be separate from that charged by the institution. However, no physician's fee was provided for by the new regulations, thus we could not be paid. The difficulty surrounding this is the fact that I spend my time caring for these patients and my livelihood is dependent upon this money. Under the former State Kidney Disease Program, my institution was reimbursed for the time that I spent with these patients and this money appeared as part of my salary. Now, the institution is no longer reimbursed and they are quite concerned about the continuation of the dialysis program, as they must now find funds to pay myself and two other physicians who care for dialysis patients on a day to day basis. I have been told that I cannot expand the current dialysis facility until this matter is clarified. As we have approximately three to four new candidates for dialysis each month, we have been faced with the exceedingly difficult task for keeping them in a reasonable state of health without hemodialysis until such time as these fiscal problems of the institution in running the Dialysis Unit are clarified.

I suppose that even the above would be a tolerable situation if it were carried over a short period of time, however we have now tolerated this for seven months.

In addition, the institution is not being reimbursed promptly, as had been the case when the State Kidney Disease Program was in charge of dialysis payment. The third party insurance carriers, a group that we did not have any difficulty with prior to the legislation, also refuse to pay for those who are insured, as they consider themselves the secondary carrier in these cases. Thus, institutional reimbursement for the dialysis procedure as well as physician reimbursement has inhibited us from functioning with any degree of fiscal responsibility. While the hospital administration must make some difficult decisions in our case, I can hardly blame them for being unwilling to support a program that is extremely expensive and which is surrounded by nothing but bureaucratic confusion. Indeed, the Federal legislation has changed our ability to care for patients at this institution considerably.

Another serious problem that has prevented us from placing patients who require hemodialysis onto the program is that of the problems surrounding centers which are capable of out-of-hospital hemodialysis. Our basic premise in the care of our chronic renal failure patients has been to stabilize them in the in-hospital facility of Presbyterian-St. Luke's Hospital and then refer the patient to an out-of-hospital Center or to home dialysis at such time as the patient was rehabilitated. The absence of Federal payments to out-of-hospital dialysis facilities in the Chicago area, indeed the lag in providing some of the badly needed newer facilities with provider numbers, has made the transfer of these patients impossible. Hence, we must dialyze the existing patients in the more expensive hospital facility and cannot bring new patients into the program. Similarly, the inability of the Social Security Administration to administer the costs of home dialysis care has inhibited us from placing patients in the home. Again, we cannot provide them with the more convenient and less expensive therapy that home dialysis offers, but must keep them within our own facility.

In summary, I think that I am representative of the physicians who are responsible for patients with chronic renal failure in the State of Illinois. Prior to July, 1973 we had a State program that had some deficiencies to be sure, but that provided us with a system whereby we could care for our patients. The care of these patients was not exorbitant and I am sure that the Department of Public Health of the State of Illinois would be happy to have Federal authorities review the records of this. After July, 1973 we have had nothing but chaos. I now find myself in a position of running a program that is a fiscal calamity and this seriously effects the care of my patients. I cannot provide proper dialysis care if the institution to which I am responsible is not properly reimbursed. I cannot provide care to patients when I am not reimbursed for my services. Words cannot express how disillusioned I am with this entire mess. I realize that the National Kidney Foundation was in large part responsible for the legislation, however I do not blame the National Kidney Foundation for the problems relative to rules and regulations related

to the legislation. Nevertheless I believe that it is the Foundation's responsibility to carry through on this program in order that patients with chronic renal failure can at least receive the care that would have been available to them prior to the passage of this "landmark" legislation. I hope that you will be able to pursue this in an effective manner. If I can be of any value in helping you, please do not hesitate to call upon me.

Sincerely yours,

EDMUND J. LEWIS, M.D.,
*Professor of Medicine.*

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ILLINOIS HOSPITAL ASSOCIATION,
*Chicago, Ill., April 3, 1974.*

Hon. VANCE HARTKE,
*U.S. Senator,*
*Indianapolis, Ind.*

DEAR SENATOR HARTKE: In response to your letter we have sent letters of inquiry to five Chicago area hospitals, one in Springfield and the Kidney Foundation. You have had a reply from the latter. To date one hospital has written to us.

I have enclosed a copy of the letter which we sent, along with an article from the *Springfield (Ill.) Register.*

As soon as I have more information in response to our letter I shall send it on to you.

Sincerely yours

LAURIE G. WALSH,
*Staff Associate, Research and Education.*

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MARCH 19, 1974.

Dr. EDMUND LEWIS,
*Director, Section of Renal Diseases, Rush-Presbyterian-St. Luke's Hospital, Chicago, Ill.*

DEAR DR. LEWIS: Enclosed is a letter from Senator Vance Hartke of Indiana which was received in this office.

Senator Hartke is seeking information on the chronic renal disease program and lists seven questions which we would like to have answered.

Your cooperation in providing us with answers which we could forward to Senator Hartke as soon as possible would be much appreciated.

Sincerely yours

LAURIE G. WALSH,
*Staff Associate, Research & Education.*

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UNCLE SAM PROVES "SLOW PAY" ON DIALYSIS TREATMENT BILLS

(By Caryl Carstens)

Uncle Sam is proving to be slow pay for hospitals and other institutions providing dialysis treatments to persons who need kidney machines to stay alive.

A $250 million a year federal program to pay most of the costs of renal dialysis and kidney transplants went into effect last July 1. Benefits are paid under Medicare for anyone eligible under Social Security.

In Illinois, where a state program for renal dialysis has been in operation since 1967, the effect of the federal program has appeared to create chaos for the providers of the service.

Few states had dialysis programs prior to implementation of the federal program. Individuals had to pay the cost of the expensive dialysis treatments out of their own pockets or through insurance.

Treatments are required two or three times a week to remove from the patients' bodies impurities normally excreted by the kidneys. They often cost around $150 each.

In Illinois $1 million a year has been regularly appropriated by the legislature to fund a state dialysis program.

"We're running into more problems here (in Illinois) than other states," admitted Steven Arney of the Bureau of Health of the regional office of the federal Department of Health, Education and Welfare.

"There has been a lot of criticism in Illinois because Illinois had a program going," a Blue Cross representative said.

Illinois hospitals' main problems appear to be getting Medicare cards issued by Social Security to patients so they are eligible and then collecting for treatment given to them.

Memorial Medical Center provides services eligible for federal reimbursement at the rate of approximately $100,000 a month, according to Russell Beckwith, its chief financial officer.

So far the medical center has sent in bills totaling more than $400,000, mainly for outpatient renal dialysis done between July 1 and Feb. 1. The medical center has received only one partial payment of $132,000.

Ultimately for the eight months ending Feb. 28. Beckwith expects Memorial to ask for payments of $800,000, including charges for 15 kidney transplants done during that period.

Spokesmen for HEW and Blue Cross, which handles payments to hospitals for the federal agency, claim they know of no lag in handling billings and insist there are only a few unpaid claims from Memorial on file.

However, after an investigation, Arney agreed there is a sizeable discrepancy between their records of money owed to Memorial and Memorial's report of unpaid bills.

So far, $2.7 million has been approved for payment to Memorial and other operators of Illinois dialysis centers, according to HEW figures.

Twenty-six Illinois hospitals provide the service of which Memorial's is the largest operation downstate. In addition, there are Memorial's six satellite dialysis centers, located in various Central Illinois cities, and five independent centers that provide dialysis.

"Total unadulterated chaos," is Ruth Shriner's description of the effect of the federal takeover on the Illinois program. Mrs. Shriner is supervisor of state services to dialysis patients.

"We're still attempting here in Illinois to convince them we know what we're doing," Mrs. Shriner said. "We've been doing it for seven years."

Problems range from getting federal assistance for individual patients to advising Illinois hospitals on how to bring their programs into conformance with the new federal regulations.

HEW regulations for the program weren't ready when it began last July 1, and providers for some time operated without clear guidelines.

In addition, the Social Security Administration has been slow in providing Medicare numbers for individual patients, and without the number, the patient is a non-person as far as the bureaucracy is concerned.

"Not every individual has been identified and has been given a number. This was the basis of the problem," a Blue Cross spokesman explained. Without that number a hospital can't get payment for dialysis given a patient.

Federal officials have agreed to waive the usual waiting period for receipt of a Medicare card when the individual is on dialysis. However some dialysis patients have been told they would have to wait 24 months before they became eligible for federal assistance, according to Mrs. Shriner.

"Apparently the top drawer (of Social Security) doesn't tell the bottom drawer what's going on," Mrs. Shriner commented.

A patient who had been in the Illinois dialysis program for four years moved from one city to another and found herself being forced to prove her need to federal officials as if she were just starting on dialysis, Mrs. Shriner reported.

Federal regulations have been on the impractical side, according to Mrs. Shriner, although she is hoping for improvement as professionals familiar with the care of kidney patients enter the federal bureaucracy.

The Illinois legislature appropriated $1 million for the renal dialysis program for the current fiscal year which ends July 1. A little over half of the appropriation will be spent, according to State Department of Public Health estimates.

The legislature has been asked to appropriate another $500,000 for the 1974–75 fiscal year.

The state is paying dialysis costs not covered by the federal program which operates under normal Medicare regulations.

As in other Medicare programs the patient is expected to provide the first $60 of payment. Medicare pays 80 percent of the remaining costs.

The state is picking up the $60 and the 20 per cent not paid by Medicare for each Illinois resident in the program.

The Medicaid program for welfare recipients and private insurance companies also are making payments for some patients.

Mrs. Shriner estimates there are more than 800 dialysis patients in Illinois of whom 200 are in a program administered by the Veterans Administration.

Federal officials and Blue Cross expect to have the billing problems worked out in another three months. They also expect Illinois institutions and patients to become adjusted to the federal way of doing things.

"Here it's confusion," one Blue Cross representative admitted. "People were doing it one way. Now they've got to do it another way."

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STATE OF ILLINOIS,
DEPARTMENT OF PUBLIC HEALTH,
*April 3, 1974.*

Hon. VANCE HARTKE,
U.S. SENATOR,
*Washington, D.C.*

DEAR SENATOR HARTKE: This is in reply to your letter to the Illinois Hospital Association regarding the Illinois Renal Program. As you know, a copy of the letter was sent to us by Mr. Richard Demers, Illinois Kidney Foundation.

We, in Illinois, have had a unique program as ours was the first State Program to provide direct care to patients with end-stage renal disease with the purpose of preventing pauperization of individuals who had not needed public assistance until they were struck with this catastrophic illness. In the seven years we have been in existence, the care of such patients has been extended to nearly all corners of the State under a system which was able to maintain cost and quality control of dialysis facilities. There have been 1400 applications for the Program and currently there are approximately 900 patients on the machine, not including 200 veterans.

In answer to your questions, may we submit the following statements:

1. The main problem for all facilities has been a sudden termination of a recognized, acceptable cash flow. There has been great confusion in every area of the national program. *Patients:* There are still patients in Illinois who have not been "entitled" or received their Medicare cards but who were on the machine on July 1; Social Security District Offices have not been uniformly prepared to receive these applications. *Institutions—Dialysis Facilities:* There are hospitals and other dialysis facilities which were in operation on June 1, 1973, which, to date, have received no payment for the treatments they have provided. This is due in part to the confusion surrounding billing procedures.

One significant problem in Illinois has been the sudden change from a system of acceptable charge and payment procedures which covered all patients, either on Illinois Department of Public Aid, or Illinois Department of Public Health, to another less comprehensive one. Blue Cross also recognized the previous state fee schedules as did other third party carriers. These fees were included in signed agreements with all hospitals.

For new facilities, not in business on June 1, 1973, it was necessary to wait for excep-

tions procedures, which were issued two weeks before the fiscal year was one-half over. All of these new operations were known to the Illinois Department of Public Health to be in the building stage. Because Medicare or Illinois Department of Public Aid could not pay them, a great deal of financial hardship was experienced by the groups who had embarked on providing this care.

2. The problems are being alleviated to some degree. They have not been eliminated, and in order to keep the Illinois Program from being destroyed along with the facilities and patients, the Illinois Department of Public Health has had to put "its fingers in the dikes" within the limits of its own appropriations.

3. The lack of incentives or income guarantees for any facility supervising large home dialysis programs has been a serious problem. Some of these insitutions, part of great universities, have threatened to stop their home training as well as home treatment. One such dialysis center has, in the last week, been encouraged to continue with a recognition of its actual costs for such a large program. It is hoped that these problems will receive the proper attention. The original decision had amounted to a 56 percent payment of the actual costs of supplying the equipment and supplies for home dialysis without any allowance for the required administration, supervision, and professional services for a successful home program.

4. There are approximately 900 patients, eligible for Medicare coverage in Illinois, being treated in hospitals, limited care facilities, and at home.

5. The State has had a State Renal Disease Program since 1967, which is supplementary to all other resources, including Medicare, private insurance, or personal income.

6. There is a backlog of intermediary payments. While we have mentioned it above, an approximate estimate would be several million dollars.

7. It is unfortunate that good Renal Disease Programs, such as Illinois, have had to substitute less satisfactory methods and procedures for those which had been modified by the statutory Renal Disease Advisory Committee to reflect the state of the art and the success of adequate treatment. Our suggestion was first voiced immediately after the Bill 92-603 was signed when we requested that we be given the opportunity to do a Pilot Project or a demonstration to show the validity of our Program. We are in the process of revising our Hospital Agreements to update them in the light of current conditions. However, it seems to be a great waste of experience as well as expertise to refuse to recognize the good points of an existing State Program.

May we ask for copies of the report from Social Security Administration and your statement made in the Senate as they were not included in our reference copy. We are repeating our requests made to many representatives of the Health, Education and Welfare; Social Security Administration; and Bureau of Health Insurance to be given the opportunity to continue Illinois' Program. Incidentally, Indiana took some parts of its program from that of Illinois. We do have a reciprocal arrangement and have included two Indiana hospitals as part of the Illinois Program.

Your sincerely,

JOYCE C. LASHOF, M.D.,
*Director.*

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INDIANA HOSPITAL ASSOCIATION,
*Indianapolis, Ind., March 22, 1974.*

Hon. VANCE HARTKE,
*313 Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR: I am writing this letter the same day as other correspondence to you, but believe the topics are such that I should write it into two pieces of correspondence.

My specific reference here is to the kidney disease program which we talked over with Howard Marlowe. I would like to indicate to you that I think your working with Dr. Kleit and Mr. Hahn is providing you the kind of detail information that will be quite indicative of the total hospital situation in Indiana, although the hospitals having kidney dialysis services have been working with Mr. Hahn in this area, and thus, your information will be rather complete.

May I say that I talked with several other State Association Executives after talking with Howard and encouraged them to correspond fully with you regarding this.

I think the step you've taken is very good and I'm quite certain you will find that Indiana is not a pocket of problems in this area. I trust you get full cooperation from the other states. If I can be of other assistance, please don't hesitate to contact me.

Kindest regards,

ELTON TEKOLSTE,
*President.*

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IOWA HOSPITAL ASSOCIATION, INC.
*Des Moines, Iowa, April 2, 1974.*

Hon. VANCE HARTKE,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR HARTKE: Thank you for your interest in learning about experience of hospitals and physicians in the state of Iowa regarding the kidney disease program you authored.

We are sending a copy of your letter to each of the nine major hospitals in Iowa that operate a kidney disease program (see attached listing) and are requesting them to contact you directly.

Again, thank you for your interest in further improving this very worthwhile program.

Sincerely,

DONALD W. DUNN,
*Executive Vice President.*

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NINE CHRONIC RENAL DISEASE CENTERS IN IOWA

1. Iowa Lutheran Hospital, Des Moines.
2. Veterans Administration Hospital, Iowa City.
3. University Hospitals and Clinics, Iowa City.
4. Henry County Memorial Hospital, Mt. Pleasant.
5. Mary Greeley Memorial Hospital, Ames.
6. Trinity Regional Hospital (West), Ft. Dodge.
7. St. Luke's Hospital, Davenport.
8. St. Vincent's Hospital, Sioux City.
9. St. Francis Hospital, Waterloo.

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HENRY COUNTY MEMORIAL HOSPITAL,
*Mount Pleasant, Iowa, April 10, 1974.*

Hon. VANCE HARTKE,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR HARTKE: Mr. Donald W. Dunn, Executive Vice President of the Iowa Hospital Association, has asked me to reply directly to you in answer to your inquiry about the progress of the Kidney Disease Program.

First, I will answer the seven questions which you outlined in your letter to Mr. Dunn:

1. The problems which arose at the inception of the program were mainly that we had no idea of the regulations that would be in effect. As with other federal programs, the beginning date always seems to exceed by a number of months the date on which we receive some kind of directives. In addition to directives, the forms for our use were not ready at the inception of the program and they continue to be changed constantly. Although we were not aware of it at the inception of the program, payments have been very slow and I will give more detail on this later. When we finally did get some firm directives, for example, on the number of laboratory examinations to be allowed, we were greatly disturbed by the very limited number of tests which would be paid for under Medicare.

2. Most of the problems have not been eliminated to date. The forms continue to change. Medicare is far behind in its payments. The number of laboratory tests allowable still are not adequate.

3. You asked if new problems have arisen. Probably one of the most infuriating aspects of the program is that we do not have some specific place to go to get corrections made. A meeting was held approximately six months ago with representatives from the Social Security District Office, the Medicare Fiscal Intermediary (Blue Cross of Iowa) and all of the hospitals providing dialysis services in Iowa. At that time, we were told that payments would be made the following day if we would just send a list of the patients and the number of treatments they have received. To date, these payments have not been received in any great amount. Another most important problem is that the doctor cannot outline the dialysis treatment and the necessary number of laboratory tests that he feels should be taken without having to rewrite a portion of a medical textbook to justify why he is not practicing medicine according to a very limited federal outline of a treatment.

4. Since coming under the Federal Medicare Program, we have given dialysis treatments to eight different patients and have given 530 treatments. Some of these patients did not qualify for Medicare until after 90 days of therapy.

5. The Iowa State Department of Health does have a program to supplement federal benefits under the Kidney Disease Program, but it has these limitations:

a. Payments are limited to the 20% coinsurance rate.

b. The payments cannot be made from this State fund until after Medicare has paid.

c. Any unencumbered balance in this fund reverts to the State general fund on June 30, 1974.

6. Yes, there is an appreciable backlog in intermediary reimbursement to us. Medicare owes us $80,000.00 out of a total billing of approximately $90,000.00 since coming under the federal program on July 1, 1973.

7. We believe that the following changes should be made in the federal regulations governing the Kidney Disease Program:

a. The number of laboratory tests should not be limited, but should be whatever the doctor feels are necessary for each treatment.

b. Payments should be made at least monthly.

c. Federal programs should not start until the necessary forms and proper educational meetings have been held.

d. An incentive should be build in the Medicare reimbursement formula for efficiency of operation. (See my attached letter to Mr. Dave Nugent).

e. We need a clarification about how to pay the attending physician. At a recent State meeting, he was told to wait longer to make an agreement with us pending clarification of some federal regulations.

f. Although the program started last July, we still do not know how much we are going to be paid for each treatment. As you can see, this makes for difficult planning and management.

I realize that most of my remarks have been negative. In spite of this, I respect the fact that through your legislation you are attempting to care for thousands of people in our country who would otherwise die if some funds were not made available to cover the cost of their treatment.

Thank you for initiating that step and for

your continued interest in bettering the program.

Sincerely yours,

LYNN BYRNE,
*Administrator.*

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MARCH 25, 1974.

Mr. DAVE NUGENT,
*Blue Cross of Iowa, Medicare Intermediary, Liberty Building, Des Moines, Iowa.*

DEAR DAVE: I am writing to you in your role as Head of the Federal Medicare Intermediary of Iowa.

We are working on our survey of dialysis charges, which your office asked to be completed. The thrust of the results of this survey are most disheartening and make two facts very clear:

1. Medicare has not, does not now, and does not intend to carry its own weight financially.

2. Medicare promotes inefficiency.

In support of my first point; we must depend on the "profit" from non-Medicare patients, taxes, endowment funds, or gifts to secure new equipment, for example. Surely, a hospital must replace equipment to keep operating. The rate of depreciation on present assets does not compensate for higher costs at time of replacement. The Medicare reimbursement formula should allow for this.

Regarding my second point, our hospital would receive more money (and Medicare would have to pay out more dollars per treatment) if we had only one dialysis machine. We have two machines, which cuts our per treatment cost and per treatment payment. We have considered three machines—which would increase our efficiency and decrease our income. Medicare should have a system in which the hospital could share in the savings that Medicare now receives through efficient hospital operation.

This is a frustrating situation. When Medicare started, one of the basic principles stated by the Federal Government was that it would pay its own way. It's not doing this; in fact, it's adding to the bill of the non-Medicare patient.

I realize you didn't write the regulations, Dave, but we would appreciate any pressure you can bring to help correct these situations.

Sincerely yours,

LYNN BYRNE,
*Administrator.*

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## FOOD RESERVE LEGISLATION

Mr. HUMPHREY. Mr. President, I would like to call attention to three articles which recently appeared in the Mankato Free Press. Written by Patrick Hinrichsen, the articles carefully explain my legislation to create a grain reserve program, raise farm target and loan prices, and improve the monitoring of our agriculture exports.

Mr. Hinrichsen provides a thorough analysis of the present conditions which have led me to introduce what could be one of the major pieces of farm legislation in the Nation's history. The explanations are written to enable a grain growing farmer or a consumer to see the details and the implications of this legislation.

While the Senate Agriculture and Forestry Committee deferred making a decision on my bill, I am convinced that it is urgently needed.

Mr. President, I ask unanimous consent that these articles be printed in the RECORD.

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

### HHH: HUNGER HURT HISTORIC

(By Patrick Hinrichsen)

Sen. Hubert Humphrey says history may note the 1970s as the beginning of the years of mass world hunger, or the time when men first joined to overcome food shortages.

Mounting fears about a food crisis have come true since 1972, with grain reserves at modern-day lows.

World economic and weather conditions have pushed scarce grain out of the economic reach of more and more poor nations, bringing malnutrition and starvation to millions.

A United Nations world food conference is scheduled for Rome this November. World leaders there will consider forming an international food policy, including a global grain bank.

The U.S., by far the world's largest and most consistent food exporter, will decide the fate of the proposal partly by whether the Senate Agriculture and Forestry Committee this Wednesday accepts or rejects Sen. Humphrey's bill to establish a major U.S. grain reserve.

Such a domestic grain bank program, if approved by Congress and not vetoed by President Nixon, would be one of about a half-dozen pieces of major legislation in the nation's history which have been important in stabilizing and enhancing U.S. food production.

Most agricultural observers see the U.S. and world as entering a period of wide farm price and supply fluctuations. They say it is teetering on the brink of either massive overproduction or massive hunger.

Many persons say grain reserves are the best way to see that people don't starve and to see that farmers can expect enough profit to produce ample food.

But many other farmers and most Nixon Administration spokesmen oppose the reserve idea, saying it would depress prices and reduce long-term production.

Deciding what form of reserve, if any, is needed will be decided in Congress likely before the Rome conference.

But facts about food shortages today and in the future are apparent and dismal.

This year thousands to millions will die from famine in drought-stricken parts of Africa and Asia.

One-fifth of the world's population is starving, and two-thirds suffer from malnutrition.

10,000 persons die daily from lack of food or the wrong food.

Reports of infant mortality, earlier old-age deaths and protein shortages are already reported in Latin America since meat became costly.

People in the Philippines are eating rats because they can afford no meat.

Events leading to today's food worries are complex. But they hinge on world population outclimbing food production, with parts of the world being able to outbid poorer nations for available grain.

Up to the 1970s the U.S. was usually burdened with grain surpluses which cost the government $1 million daily for storage.

In the late 1960s and early in this decade those huge stocks were drawn down slightly. The cause was limited U.S. and Canadian production, a leveling of higher yields from the "Green Revolution," and world affluence which created a greater demand for grain-fed meat.

But the supplies were sharply cut by a small 1972 world grain crop.

Soviet grain production dropped because of winter kill and a dry summer. Australia's production was crippled by drought. India's crops were hampered by below-normal monsoon. The Philippines rice and corn crops were cut by drought and typhoons. West African nations suffered their fifth consecutive drought year (and are in another now). And U.S. and Canada limited crop acres because of the bumper 1971 crop.

Other 1972–73 causes of the shortage include:

A fish failure off the Peruvian coast cut that nation's supply of exportable protein meal.

A poor nut crop in South Asia and Africa added to the protein meal shortage.

The U.S. devalued the dollar, making U.S. grain cheaper for foreign buyers.

As a result of the events, the 1972–73 grain supply was at least 15 million tons below normal, and net foreign imports of grain were 25 million tons above normal.

U.S. grain holdings fell, and domestic and foreign buyers hoarded, causing a price escalation frenzy in grains and livestock.

Between mid-July, 1972 and mid-July, 1973 U.S. farm prices about doubled for wheat, soybeans and corn. The dramatic increases occurred later.

Wheat prices rose 80 percent and corn prices rose 32 percent between mid-July, 1973 and mid-August, 1973.

With costs up, poor nations with the most rapidly rising populations and greatest food needs found themselves least able to pay. Starvation hit there first and hardest.

Population in these areas grows about 3 per cent yearly. These nations with 70 per cent of the world's people produce only about one-third of the world's grain. Average income is about $200 per person a year.

Population in developed, rich nations such as the U.S. grows about 1 per cent yearly. With 30 per cent of the world's people, they produce about two-thirds of the world's food. Income there averages $2,700 per person a year.

The 20 million ton Russian wheat purchase in 1972 may indicate a food policy is needed to be sure the U.S. rations available grain to those who need it, not just to those who can afford it.

The Russian deal also shows how the world's rich nations are able to buy grain to fatten livestock. That process takes about five times the amount of grain as it would take if people ate grain directly to get the same number of calories.

Many experts say Americans and others must cut back on less-efficient meat consumption, or millions of Asians or Africans may starve.

Some farm observers fear tumbling grain prices in the next two years, despite the longrun trend toward food scarcity, because high current grain prices and the absence of government acreage control will cause farmers to overproduce.

The U.S. Agriculture Department expects 21 per cent more wheat harvested this year than was harvested in 1973. It foresees wheat stocks at about 400 million bushels at the end of 1975, compared with this year's projected figure of 170 million bushels.

Sen. Humphrey says the reserve program, if approved quickly by Congress, would be available to buy $1 billion of such grain off the market, and help avoid disaster prices.

Several world events make long-range price and supply pictures fuzzy. They include: changes in economic conditions, changes in detente, major purchases by Russia or China, and world weather conditions.

Because of the uncertainty of prices and supplies, many nations now tend to hoard grain whenever it comes onto the market, and they feel the U.S. is an undependable grain supplier.

Because of that uncertainty, Sen. Humphrey and others say the U.S. needs a grain reserve to provide price stabilization and to protect against hunger.

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### LET THERE BE GRAIN: HUMPHREY

(By Patrick Hinrichsen)

In Biblical Egypt the decision to establish grain reserves was made easy: God said so.

It's not going to be so easy in 1974 America, although Sen. Hubert Humphrey often cites the story of Joseph in support of his

bill which would set up a major U.S. grain bank.

The idea for an Egyptian reserve came from Joseph's interpretation, through God, of Pharaoh's dreams. Joseph was to store one-fifth of all grain produced during seven good years to be used during seven years of drought.

Details of Sen. Humphrey's bill are considerably more complex than the Egyptian model.

The bill, which is scheduled to be voted on by the Senate Agriculture and Forestry Committee Wednesday, is three-pronged. It would create a domestic grain reserve, raise target prices for farm products and manage exports.

The bill calls for the U.S. government to buy grain during years of surplus to put into reserves managed by the U.S. Agriculture Department (USDA) Commodity Credit Corporation (CCC).

Should the USDA project supplies of a commodity fall below adequate supply levels as listed in the bill, several events would automatically occur. One would be a provision to allow the secretary of agriculture to sell some of the CCC-held reserves onto the market to increase supplies.

The bill's level of total adequate supply, the point above which the provisions of the bill would not come into action to avoid shortages, would be: 600 million bushels of wheat (a nine-month domestic supply), 40 million tons of feed grains (a three-month domestic supply), 150 million bushels of soybeans (a 2½-month supply), 5 million bales of cotton (a seven-month supply).

The USDA would be required to maintain one-third of these total reserves in the CCC, which Sen. Humphrey's bill would establish. The rest of the total reserves would be carried by farmers and private traders. The amount of stocks which would be held by the CCC are: 200 million bushels of wheat, 15 million tons of feed grains, 50 million bushels of soybeans, 1.5 million bales of cotton.

The bill also would raise target prices from 1973 levels to $3 for one bushel of wheat, $2 for one bushel of corn and 50 cents for one pound of cotton. No price is set yet for soybeans.

The bill also states the target prices from 1975 to 1977 would hinge on production costs and could go up or down.

The system of buying and selling grain for the CCC reserve would work through a system of loans and target prices such as:

Overproduction might cause the corn market price to drop near the CCC-buying price permitted in the legislation. So the farmer sees he can get a better price from the government than from the market. He could then sell corn to the CCC. Such sales could relieve a corn supply glut and help build the reserve for times of shortages.

The purchase by loans means the farmer enters into an agreement with the government. During three years, while the corn belongs to the government but stays on or near the farm, the farmer could sell the grain on the open market if the price rises.

Thus the farmer has a chance to take advantage of a rising market and make a profit from the margin between the original loan and the new selling price. If the price doesn't rise in three years he can let the corn go back to the government.

Specifics about the bill include:

Buying: Information from USDA projections of the supply of farm stocks could lead to several actions by the agriculture secretary.

If the projections indicated stocks would not be large enough to meet the acceptable total reserve supply, the secretary could release some of the CCC reserve onto the market to increase the domestic grain supply.

If the projections indicated an adequate or oversupply of stocks, the secretary could hang onto the CCC reserve or build reserves as a way to relieve a glut.

Grain buying price would be not less than 90 percent of the target price each year through 1977. The soybean buying price is not yet set.

Storing: The secretary could not recall the grain for three years, except in the case of a food emergency.

Storage costs would be paid by the government. Humphrey says by buying during lows (when the purpose is to relieve an oversupply) and selling during a shortage (to meet demands for grain) the income would be great enough to cover the original cost of the grain, plus cover storage costs.

Selling: No part of the CCC reserve could be sold at a price less than 35 percent greater than the target price each year, unless the total reserves fall below the levels mentioned in the bill. The 35 percent figure is to prevent sales of CCC reserves from depressing prices.

Specifics about export management include:

Terms: When demand draws a commodity below the total reserve figure mentioned in the bill, the commodity would be designated as a "critical" commodity for the marketing year.

Reports: The agriculture secretary is to make weekly reports for foreign sales, domestic requirements and available supplies of "critical" grains.

Reports: The agriculture secretary is to make weekly reports of foreign sales, domestic requirements and available supplies of "critical" grains.

Licenses: While a commodity is termed "critical," no one may export that grain without a USDA export license.

Prices: The CCC could not sell a "critical" commodity for export at less than 20 percent above the weekly average cash price at Chicago, Kansas City and Minneapolis markets the preceding week. Cotton prices would be taken from other markets. This would price CCC reserves sold for export at about 20 percent more than those sold for domestic use.

Access: In a year when stocks were below the desirable reserve level, USDA could prevent raiding from foreign sources by the following method:

Once a country had bought 120 percent of its previous year's purchase amount from the U.S., approval from the agriculture secretary would be needed for any more shipments. This is designed to prevent unexpectedly huge purchases (such as the Soviet purchase in 1972) and assure all buyers equal access to U.S. supplies.

Members of the Agriculture and Forestry Committee are expected to be divided on the bill. A somewhat similar bill is expected this summer from Sen. Dick Clark of Iowa.

The committee may accept, reject or modify the Humphrey bill. If it fails in the committee, Humphrey is expected to carry the fight to the Senate floor.

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### HUMPHREY-PROPOSED GRAIN RESERVE BILL VOTE TODAY

(By Patrick Hinrichsen)

Two opposing sides, both insisting they are striving for the same result, will debate and vote in the U.S. Senate today on a bill to create a grain reserve.

The bill, proposed by Sen. Hubert Humphrey, D-Minn., seeks to maintain a reserve held one-third by the government and two-thirds by private hands. It would consist of wheat, feed grains, soybeans and cotton.

Administration spokesmen, led by Agriculture Secretary Earl Butz, say the government should stay out of grain storage, and that reserves would depress farm prices and cut production.

Others, led by Humphrey, say the government has a moral obligation to protect against hunger, and that the reserves would enhance farm production.

The arguments, of concern today because of food supply worries, are not new.

From former agriculture secretaries Henry Wallace and Orville Freeman to Sen. Humphrey in 1972, the message to create food reserves has been heard repeatedly in Congress.

The U.S. House of Representatives adopted a reserve bill in 1972. But the matter was killed in the Senate committee when only four of 13 senators, one of which was Humphrey, voted for the bill.

This year, with strong Nixon administration opposition, the committee is divided.

Butz argues that the effect on food supply from reserves would be opposite of what Humphrey suggests.

The reserve would depress prices by hanging over the marketplace, Butz says. Lower prices mean less production. Less production means more hungry people.

Another official says little or no excess grain exists to start the reserve.

The reserve also could become a political football, with pressure to release grain every time retail prices start to rise, according to Butz.

Though the administration agrees there are needs for reserves, it wants them held by traders and foreign governments.

"The United States is out of the commodity business. We hope to stay out of the commodity business," Butz argues. "Our domestic farm program is now based on the philosophy that market incentives, rather than government directives, should guide production and marketing."

J. Phil Campbell, undersecretary of agriculture, also has attacked reserves.

"America must not stockpile such a supply of farm goods any more than it should risk storing six months' to a year's supply of automobiles, dishwashers or other consumer goods. The effect would be to drive farmers from the land."

The administration's hands-off farm policy is supported by the nation's leading farm magazine, The Farm Journal. An editorial reads:

"A reserve is bound to depress grain prices. We can call it a strategic reserve. We can promise each other that we're going to insulate it from the market. We can store it in government bins, on the mountain tops or under the oceans. It will still be there. The market will know it's there and will discount grain prices accordingly."

The nation's largest farm organization, the Farm Bureau, also opposes reserves.

A statement by that group argues that much of the sentiment for reserves is growing out of the fear that unless a grain reserve is started, the grain market will be shattered with big crops this fall and next year.

It also states that "Government held reserves are not needed to assure adequate food supplies for the nation. Ample food never has been, and is not now, a problem for either agriculture or the consuming public."

As usual, the three major farm organizations disagree, with the Farmers Union and the National Farmers Organization (NFO) supporting the legislation.

NFO supports a reserve "provided that producers have an opportunity to store a substantial part of such reserves, and its availability for release into the market be tightly controlled by law to prohibit sales at prices less than cost of production plus a reasonable margin of profit," according to a NFO leader.

The Farmers Union states that reserves would have helped avoid problems now facing farmers: windfall profits to speculators, export embargoes, retail price swings, and violent increases and decreases in acreage.

Among committee members, George Aiken of Vermont, George McGovern of South Dakota and Humphrey are the main backers.

Aiken and McGovern sponsored a successful resolution which, in the words of McGovern, "declares it the policy of the Senate that the U.S. develop the mechanism for a strategic grain reserve, and that we take the leadership in development of world reserves of food grains and feed grains."

Sen. Dick Clark of Iowa supports reserves in his own bill which calls for domestic reserves to be tied to efforts to establish global reserves.

Humphrey omitted mention of global reserves from his bill. He feared some senators might vote against the bill if they were uncomfortable with vague world plans, according to an aide.

Humphrey says the U.S. has a moral obligation to establish reserves as a buffer against mass starvation.

"The fuel crisis of 1974 will look like a Sunday afternoon picnic compared to the food crisis of 1975–76. And I'm not just talking about the United States; I am talking about the world food crisis."

Humphrey and Rep. Bob Bergland of Minnesota's 7th District, author of the companion House bill, say the bill protects farmers from depressed prices. Such provisions in the bill include:

The bill would raise target prices to $3 for a bushel of wheat and $2 for a bushel of corn.

Grain buying would not be less than 90 per cent of the target price.

Government reserves could not be sold for less than 35 per cent more than the target price, unless the total reserve supply fell below levels mentioned in the bill.

Government-held reserves could not be sold for export at less than 20 per cent above the domestic price if there were inadequate supplies.

Specific supply levels above which government-held grain could not be sold on the market are listed in the bill.

Humphrey says that through buying at low prices and selling at high prices, the margin would pay for grain storage, the program's main cost.

He also says private grain companies, those which Butz says should keep the reserve, are not in business to prevent starvation, but to make a profit.

U.S. Agriculture Department forecasts of a greatly increased harvest this fall and next year indicate there will be supplies with which to build the reserves, Humphrey says.

This year's all-out production policy, following sudden shortages, may cause overproduction and disaster prices, Bergland says.

"We have asked the American farmer to increase his production at the risk of economic disaster," the representative says. "This legislation is enough to assure a fair return for the farmers' own sacrifice."

If the measure does not pass the Senate Agriculture and Forestry Committee today, Humphrey is expected to take the fight to the Senate floor.

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## ENERGY TRANSPORTATION SECURITY ACT OF 1974—UNANIMITY OF OPPOSITION BY THE EXECUTIVE BRANCH

Mr. COTTON. Mr. President, on Thursday, June 27, 1974, the Committee on Commerce ordered reported with amendments the bill, H.R. 8193—the proposed "Energy Transportation Security Act of 1974."

The report on H.R. 8193 was filed only last week, late in the afternoon of Thursday, July 25, and the printed hearings are not yet available.

I am strongly opposed to H.R. 8193 for several reasons, including the fact that it would establish a precedent for imposing a statutory preference for the carriage of privately owned commercial cargoes on privately owned commercial U.S.-flag vessels. This bill initially would require that not less than 20 percent of the gross tonnage of all oil, including products derived from oil, be transported on privately owned commercial U.S.-flag vessels "whether transported directly from the point of production or indirectly from such point to and from any intermedial points used for storage, refining, processing, packaging, unloading, or reloading of oil." This percentage would increase to not less than 25 percent beginning after June 30, 1975, and again to not less than 30 percent beginning after June 30, 1977. Thus, passage and enactment of H.R. 8193 would embark us upon a new and probably endless course which could be extended to other privately owned commercial cargoes such as ore, other natural resources, and possibly commercial exports of agricultural commodities.

Mr. President, it was in recognition of this significant potential adverse effect of H.R. 8193 that on July 3, I sent an identical letter to eight departments and one agency of the executive branch, plus Mrs. Virginia Knauer, the President's Special Assistant for Consumer Affairs, enclosing a copy of a committee print dated June 28, 1974, which set forth the text of H.R. 8193 as reported by the Committee on Commerce. I asked each recipient of my letter to respond to me concerning their position and comments on the reported bill.

Mr. President, I request unanimous consent to insert in the RECORD at this point in my remarks my letter of July 3, 1974.

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

(Identical letters to others. See list.)

Filed: Commerce Committee
H.R. 193—93rd Congress
Oil Cargo Preference

JULY 3, 1974.

Hon. FREDERICK B. DENT
*Secretary, Department of Commerce, Washington, D.C.*

DEAR MR. SECRETARY: Enclosed is a copy of a Committee Print of H.R. 8193—the proposed "Energy Transportation Security Act of 1974"—dated June 28, 1974, on which date the full Committee on Commerce ordered this bill reported in the form set forth in such Print, subject only to technical drafting changes to be made, if needed, by the Committee staff.

An examination of the enclosed Committee Print of H.R. 8193 will reveal that, as reported by the full Committee, it is considerably different substantively than the bill passed by the House of Representatives on May 8, 1974, on which you may have submitted comments earlier. For example, since the enclosed Committee Print proposes to add a new subsection (d) to section 901 of the Merchant Marine Act, 1936, as amended, rather than amending section 901(b)(1) of the same Act (which was the action taken by the House of Representatives), there now is no provision whatsoever comparable to the first proviso of section 901(b)(1) of the Merchant Marine Act, 1936, as amended, which would permit a temporary waiver of the oil import cargo preference being proposed ". . . whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver. . . . ."

On the contrary, proponents of this legislation soundly defeated an amendment of this nature which I offered to this bill during its consideration in full Committee executive session, countering with an offer that such temporary waiver authority for a declared emergency reside only with the Congress, and then, only by adoption of a Joint Resolution which would have the force and effect of law. I rejected this proposal on the grounds of the precedent already in existing law in section 901(b)(1) of the Act, and on the basis that with respect to energy resources, such as oil, speedy Executive, rather than time-consuming Congressional action might very well be necessary, especially where time is of the essence.

Although I am strongly opposed to this legislation as a matter of policy, especially at this point in time when we are dependent on foreign sources for a significant portion of our energy resources, I find the absence of such a temporary waiver provision but one of several major deficiencies in the bill reported by our Committee.

Accordingly, since H.R. 8193 will be reported to the Senate in substantially the form set forth in the enclosed Committee Print of June 28, 1974, I would appreciate receiving from you, in a timely manner, your position and your comments on this bill, as reported by our Committee on Commerce, in order to prepare for Senate debate, which may be scheduled sometime after July 12th.

Your prompt attention to this request will be appreciated.

With best wishes,
Sincerely,

NORRIS COTTON,
*U.S. Senator.*

Identical letter sent to the following: Mrs. Virginia Knauer, Honorable Rogers C. Morton, Honorable Henry A. Kissinger, Honorable Earl L. Butz, Honorable Claude S. Brinegar, Honorable James R. Schlesinger, Honorable William B. Saxbe, Honorable William E. Simon, Honorable John C. Sawhill.

Mr. COTTON. Mr. President, I now have received a response from each of those to whom I wrote. Without exception, each and every reply expresses opposition to the bill, H.R. 8193. And, Mr. President, before requesting unanimous consent to insert a copy of each of these replies in the RECORD at the conclusion of my remarks, I would like to emphasize some of their respective observations by quoting pertinent portions from these replies.

Mrs. Virginia Knauer, Special Assistant to the President for Consumer Affairs, noted in pertinent part the following in her letters:

I appreciate your sharing a copy of the Committee print of June 28, 1974 with me. The changes made in this print have not altered my position on the bill except possibly to increase my concern about the appropriateness of such legislation.

*Passage of oil cargo preference legislation is virtually certain to cause an increase in consumers' cost of living.* This is particularly unfortunate in light of the high inflation which currently confronts us. (Emphasis supplied)

*Uneven adverse regional impact is a further reason to question seriously the wisdom of enacting this legislation.* The increase in price and limitations on supply would be objectionable if borne evenly by all consumers throughout our nation but they become even more unpalatable when localized in those areas most dependent on foreign

oil. In 1970, approximately 70 percent of oil imports was needed by the 40 percent of our population which resides in the 17 Eastern seaboard states, and this disparity is projected to become even greater in the next few years. In addition there are other states—such as Hawaii—which are also largely dependent on waterborne foreign oil imports. *Consumers in these areas will feel the sting of this legislation the worst.* (Emphasis supplied)

The Department of Agriculture expressed its opposition, in part, in the following manner:

The Department does not favor enactment of this bill.

* * * we do not believe the proposed legislation would serve the best interests of the American farmer. The required use of United States-flag vessels for petroleum imports would increase the cost of gasoline and other petroleum products of which the American farmer is a major user. These increases would have to be added to the cost of farm products, which would produce higher prices for the American consumer.

Cargo preference on petroleum imports could lead to cargo preference for agricultural exports. The resulting higher shipping rates would seriously damage our growing markets for grains and other commodities. This restriction on exports would in turn impair agriculture's tremendous contribution to the U.S. balance of payments."

Secretary of Commerce Dent included in his letter the following observation:

Chief among the considerations that have led to our opposition to cargo preference for oil imports are the following:

*Intensify possible energy shortages.* Because of the complicated accounting procedures which must be imposed in the administration of oil cargo preference, certain importers now serving the United States may be expected to seek other markets, thus increasing shortages that are to be expected before the goals of Project Independence are achieved.

For the reasons summarized above, the Department of Commerce is *strongly opposed* to enactment of H.R. 8193 as ordered reported by the Committee. (Emphasis supplied)

The Department of Defense expressed its strong opposition to H.R. 8193 raising the following important points:

* * * *The amendments made by the Senate Commerce Committee have both broadened the scope of the bill and narrowed flexibility in the use of ocean transportation.* This flexibility is not only necessary in the interest of national defense but also critical in the conservation of government funds expended for transportation purposes. (Emphasis supplied)

The first major addition, now appearing at page 3, line 23, of the Committee print would amend 46 U.S.C. 1241(b)(1) to require all government-impelled cargoes (not restricted to petroleum products alone) to be shipped at the port or range of ports nearest the point where such equipment, materials, or commodities are manufactured or produced.' Not only does this provision appear to go beyond the original purposes of the bill, it could carry substantial impact on DoD particularly because of its vague language.

Another matter of considerable concern to DoD is the lack of a clear provision for the waiver of carriage requirements in the event of an emergency.

In the opinion of this Department, H.R. 8193's benefits are outweighed by its disadvantages which in sumamry are: (1) increased cost of ocean transportation resulting in higher domestic petroleum prices; (2) encouragement of compartmentalization of world tanker fleets and trade routes; (3) potential conflict with the goals of Project Independence; (4) failure to provide any significant additional assurance of oil supply in an emergency; (5) encouragement of unnecessary and non-competitive tanker construction in the face of an incipient world tanker surplus and (6) unwarranted disruption of the DOD distribution system resulting in excessive transportation costs, increased supply levels, unnecessary administrative burden, and loss of flexibility to respond to the needs of national defense.

For the foregoing reasons, the Department of Defense *strongly opposes* enactment of H.R. 8193. (Emphasis supplied)

Mr. John Sawhill, Administrator of the Federal Energy Administration, made the following observations with respect to his opposition to H.R. 8193:

*"We oppose this legislation on the grounds that it would increase the likelihood and severity of energy shortages, reduce our capability to make adjustments in case of a selective embargo, raise the cost of oil to consumers, and impede implementation of Project Independence.* (Emphasis supplied.)

In the event of supply interruptions caused by producing countries cutting off exports, our security interests would not be served by regulations requiring the use of U.S. flag tankers. * * *

Enactment of the bill would also increase pressure on the cost of a commodity which has, in the past year, become considerably more expensive. * * *

Cargo preference legislation would result in our building tankers in the face of a growing world surplus. Not only the United States but other consuming nations have embarked on energy conservation programs, and tankers under construction or on order on a world-wide basis are expected to greatly exceed the need for tankers for many years. In addition, the opening of the Suez Canal and the construction of a pipeline across Egypt are expected to reduce the need for tankers. * * *

* * * *it would be injudicious for the United States to force a substantial construction program for tankers to import oil. Further, it would stimulate investment in the future of oil imports rather than investment in the future of energy self-sufficiency.* (Emphasis supplied.)

* * * the provision in the Senate bill which reduces import fees imposed pursuant to Presidential Proclamation No. 3279 would not significantly reduce the cost to the consumer of cargo preference and would be unwise from a policy standpoint. *The proposed fee reduction would only partially compensate for the bill's added cost* since fees are phased in gradually over the next six years. *Furthermore, import fees are designed to discourage imports by providing incentives for increased domestic exploration.* The credibility of the fee system, and hence its effectiveness, would be undermined by authorizing exceptions and preferences unrelated to the purpose of increasing our energy self-reliance. (Emphasis supplied.)

The Department of Interior set forth its opposition to this legislation as follows:

The reasons against enactment of H.R. 8193, as originally introduced which we previously expressed to the House Merchant Marine and Fisheries Committee are still valid with respect to the Senate Commerce Committee Print you forwarded and we therefore continue to oppose enactment of the bill.

The Department of Justice recommended against enactment of H.R. 8193 in the following manner which, I believe, should be of particular interest to the distinguished chairman of the Subcommittee on Antitrust and Monopoly of our Committee on the Judiciary:

The Department of Justice is opposed to impediments placed in the way of full and free competition in the marketplace. We are also opposed in principle to schemes for Government regulation and allocation of commodities because they operate to freeze and distort the working of competitive forces. *This bill includes both objectionable features.* (Emphasis supplied.)

For the foregoing reasons, accordingly, the Department of Justice continues to recommend against enactment of this legislation.

The State Department set forth its objections as follows:

* * * Our basic objections which were summarized in former Acting Secretary of State Kenneth Rush's letter to the Chairman dated May 17 and in Departmental testimony before the subcommittee on the Merchant Marine are that the bill, *inter alia*, (1) would place the United States in violation of more than thirty FCN treaties; (2) would encourage similar or more restrictive moves on the part of other countries; (3) would adversely affect the security and flexibility of the transport of U.S. energy imports; and (4) would, by increasing petroleum import costs, affect the U.S. domestic economy in and of itself and would have a negative effect on U.S. export competitiveness.

The Senate version in proposed subsection (d)(5) would add a further protectionist element to our foreign shipping policy by providing for a waiver of the fee on imported oil up to 15 percent [cents] a barrel when it is brought in by U.S. flag tankers. Even though savings would have to be passed on to consumers, this protectionist aspect may be legitimately criticized by our trading partners as discriminatory; it will thus undercut broader U.S. foreign economic policy objectives.

Because of these adverse foreign policy considerations, I urge you and your colleagues to vote against approval of H.R. 8193.

Next, Secretary of Transportation Brinegar made the following observation:

The Department of Transportation *strongly opposes* the new Senate version because it would conflict with the administration of the Tanker Act. (Emphasis supplied)

Finally, Secretary of Treasury, William Simon, former head of the Federal Energy Office, who has recognized expertise with respect to our Nation's energy problems, expressed opposition to this bill in the following manner:

Two changes made by the Committee on Commerce since the date of my earlier letter are especially disturbing.

First, as reported out by the Committee, the Act would fail to incorporate the provision allowing an emergency Presidential waiver of the requirement that a percentage—rising from 20 percent at the time of enactment to 30 percent beginning in 1977—of U.S. oil imports be carried in United States flag vessels. Deletion of the emergency waiver provision would greatly reduce our ability to respond quickly and effectively to any future supply interruptions, and our flexibility in securing needed imports under such conditions.

Second, the Committee version would require the reduction of import license fees payable on imports of crude oil pursuant to Presidential proclamation. Such fees would be reduced by 15 cents per barrel for a period of five years from the date of enactment, if the Secretary of the Treasury determines that the crude oil involved is imported on privately owned United States flag commercial vessels, and that "the amount resulting from the nonpayment of such license fees is passed on to the ultimate consumers of such crude oil in whatever form it is when ultimately consumed."

The imposition of license fees is a carefully considered mechanism designed to encourage increased domestic oil production capacity. Insofar as crude oil imports are concerned, it is intended to encourage domestic exploration. Any exemption not directly related to this purpose would undermine this very important mechanism, and seriously affect our ability to set such fees so as to achieve this result. Moreover, the bill is unworkable in its present form since it is difficult, if not impossible, to determine whether license fee savings from use of United States flag vessels have been passed on to the ultimate consumer.

Both this Department and the Federal Energy Administration have previously highlighted, in correspondence and testimony, the adverse effects that enactment of H.R. 8193 would have. As now reported out, such effects would be even more severe.

Mr. President, in conclusion, each and every one of these responses registers opposition to H.R. 8193. In order that my colleagues in the Senate may have the benefit of these views, I ask unanimous consent that the full text of each of these letters appear at this point in the RECORD.

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

THE WHITE HOUSE,
*Washington, July 31, 1974.*

Hon. NORRIS COTTON,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR COTTON: This is in response to your letter of July 3, 1974, requesting my views on H.R. 8193, the Energy Transportation Security Act of 1974.

I wrote Senator Russell B. Long on June 7, 1974, to express my grave misgivings with the concept of such legislation, and I enclose a copy of that letter for your convenience.

I appreciate your sharing a copy of the Committee print of June 28, 1974, with me. The changes made in this print have not altered my position on the bill except possibly to increase my concern about the appropriateness of such legislation.

Sincerely,

VIRGINIA H. KNAUER,
*Special Assistant to the President for Consumer Affairs.*

Enclosure.

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THE WHITE HOUSE,
*Washington, June 7, 1974.*

Hon. RUSSELL B. LONG,
*Chairman, Subcommittee on Merchant Marine, Senate Commerce Committee, U.S. Senate, Washington, D.C.*

DEAR SENATOR LONG: Your Subcommittee is now considering H.R. 8193, the Energy Transportation Security Act of 1974, and S. 2089, a similar bill, and I would like to share with you and the Members of the Subcommittee my misgivings about this proposed legislation.

As you know, both of these bills seek to promote the worthy goal of the expansion of the U.S.-flag tanker fleet, but, in my view, in a very unwise manner. These proposals would require 20 percent of all petroleum and petroleum products imported into the United States to be carried on U.S.-flag vessels with the percentage rising to 30 percent by mid-1977, if United States tonnage exists to carry this quantity.

As a consumer advocate, I would like to focus on the adverse effects that the enactment of this legislation is likely to have on the consumer.

Passage of oil cargo preference legislation is virtually certain to cause an increase in consumers' cost of living. This is particularly unfortunate in light of the high inflation which currently confronts us. Much of what is going on in the American economy is now dominated by the inflation. The cost of living increased at an annual rate of 12.1 percent in the three months prior to June 1, an exceptionally high rate in the history of the United States.

While estimates vary regarding this legislation's general inflationary consequences and its effect on the prices of specific consumer goods and services, the increases will be appreciable. The American consumer simply cannot afford this.

The Maritime Administration estimates that added annual costs attributable to the proposed legislation would be $79.30 million in 1975, $122.87 million in 1980, and $183.11 million in 1985. The American Petroleum Institute has developed figures showing that the cumulative cost of the legislation between 1975 and 1985 could be as high as $60 billion. As an example of the effect of this legislation on a particular product, the Maritime Administration estimates that the cost increase per barrel of gasoline sold in the United States should this legislation be enacted would be .42 cents in 1974, 1.26 cents in 1975, rising to 2.10 cents in 1985.

Some proponents of the legislation say that these increases are minimal and therefore bearable by consumers. I say that such a position is hostile to the interests of consumers. The increases—even by conservative estimates—will amount to literally millions of unnecessary dollars out of the pockets of American consumers every year. Moreover, the cumulative effect of the assault of "minimal" price increases upon the consumer's buying power can be truly unsettling, as we are seeing at the present time.

There are signs of improvement on the inflationary front. It is especially important now that we protect our advantage by firmly resisting temptations which would strengthen the forces of inflation. One way that we can be effective in this regard is to defer on cargo preference legislation.

Beyond its inflationary implementations, I am also concerned by the fact that implementation of this legislation is very likely to reduce the supply of petroleum imports to the United States, and worsen the energy shortage already facing consumers. William E. Simon has stated that this legislation could hinder our progress toward Project Independence whereby we hope to guarantee ourselves a secure and adequate energy supply for the years ahead.

Spot purchases of oil from foreign refineries account for a significant portion of our imports. I understand that passage of this legislation would interfere with these transactions and could result in the loss of as much as a half million barrels per day for the United States. Moreover, exporters of oil to the United States may become disenchanted with cargo preference red tape and turn to other markets instead of those in the United States. The resultant decrease in supply to our nation would once more disadvantage the consumer—and especially the consumer in coastal areas.

Uneven adverse regional impact is a further reason to question seriously the wisdom of enacting this legislation. The increases in price and limitations on supply would be objectionable if borne evenly by all consumers throughout our nation but they become even more unpalatable when localized in those areas most dependent on foreign oil. In 1970, approximately 70 percent of oil imports was needed by the 40 percent of our population which resides in the 17 Eastern seaboard states, and this disparity is projected to become even greater in the next few years. In addition there are other states—such as Hawaii—which are also largely dependent on waterborne foreign oil imports. Consumers in these areas will feel the sting of this legislation the worst.

Another consideration that can have both cost and supply implications is the fact that through this legislation we would in effect be dictating to foreign exporters the nationality of ships they would have to use to do business with the United States.

Both the Senate and House versions of the oil chargo preference bill, while worthy in their basic intent, threaten to have a very unfortunate impact on the American consumer. In my view, other alternatives—such as direct subsidies for construction of tankers and other bulk carriers—with which the Administration is having good success would be effective in accomplishing our common goal of a vigorous and enlarged U.S.-flag tanker fleet while not at the same time burdening the American consumer.

I respectfully request that the Subcommittee examine carefully the proposed legislation regarding its adverse impact on consumers, and I hope that you will agree that better alternatives than its enactment do indeed exist.

Sincerely,

VIRGINIA H. KNAUER,
*Special Assistant to the President for Consumer Affairs.*

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DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
*Washington, D.C., July 30, 1974.*

Hon. NORRIS COTTON,
*U.S. Senate.*

DEAR SENATOR COTTON: This is in reply to your request of July 3 for this Department's position and comments on H.R. 8193, a bill "To require that a percentage of United States oil imports be carried on United States-flag vessels."

The Department does not favor enactment of this bill.

The bill would establish a preference for the use of United States-flag commercial vessels to transport a part of the petroleum and petroleum products imported into the United States. The percentage required to be transported on United States vessels would increase periodically from an initial 20 percent to 30 percent after June 30, 1977.

As stated in earlier correspondence of this subject, we do not believe the proposed legislation would serve the best interests of the American farmer. The required use of United States-flag vessels for petroleum imports would increase the cost of gasoline and other petroleum products of which the American farmer is a major user. These increases would have to be added to the cost of farm products, which would produce higher prices for the American consumer.

Cargo preference on petroleum imports could lead to cargo preference for agricultural exports. The resulting higher shipping rates would seriously damage our growing markets for grains and other commodities. This restriction on exports would in turn impair agriculture's tremendous contribution to the U.S. balance of payments.

Another unsatisfactory aspect of the Senate Committee version is its failure to include a temporary waiver provision. It is readily foreseeable that conditions might exist which would require temporary waiver of the preference requirement with respect to particular vessels, especially those of limited deadweight tonnage, in order, for example, to free them for emergency use in meeting famine conditions or for military duties.

One other provision of the bill requires comment. The requirement of section 901(b) of the Merchant Marine Act of 1936 that at least 50 per centum of cargo subject to the Act be transported on United States-flag commercial vessels would be amended to require such transportation "to the extent such vessels are available at the port or range of ports nearest the point where such equipment, materials, or commodities are manufactured or produced at fair and reasonable rates for United States-flag commercial ves-

sels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic area. . ."

Such a provision could affect administration of programs authorized by Public Law 480. At present, the Department is able by use of computer inputs to determine what combination of domestic and export transportation will result in the lowest landed cost for the movement of each parcel. Under the proposed change, if United States-flag commercial vessels are available at the port nearest the point of manufacture or production of the cargo, at fair and reasonable rates for such vessels, these vessels would have to be used to the extent necessary to meet the 50 per centum requirement, in preference not only to foreign vessels but also to United States-flag commercial vessels at other ports even though a lower landed cost might be obtained by use of United States-flag commercial vessels at other ports.

Furthermore, the proposed change could be construed as relaxing the requirement that at least 50 per centum of cargo subject to the Act be transported on United States-flag commercial vessels, since that requirement would appear to apply only to the extent such vessels were available at ports nearest the point where such materials or commodities were manufactured. If United States-flag commercial vessels were not available at such ports, foreign flag vessels could be used there or, of course, the cargo could be shipped from other ports using either foreign or United States-flag vessels.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD A. ASHWORTH,
*Deputy Under Secretary.*

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THE SECRETARY OF COMMERCE,
*Washington, D.C., July 22, 1974.*

Hon. NORRIS COTTON,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR: This refers to your letter of July 3, 1974, requesting the Department of Commerce position and comments on H.R. 8193 as it was ordered reported by the Senate Committee on Commerce.

As you know, we are strongly opposed to H.R. 8193. Chief among the considerations that have led to our opposition to cargo preference for oil imports are the following:

*Higher costs and inflationary pressures.* Since building and operating costs are both higher for U.S.-flag ships than for the ships of most foreign countries, and since the cargo preference requirement would eliminate incentives to minimize U.S.-flag tanker costs, the enactment of H.R. 8193 would significantly increase the costs of our petroleum imports. These increased costs would inevitably be reflected in higher consumer prices for petroleum products and for other derivative products. The legislation would also preclude U.S. consumers from benefiting from periodic downward cycles in world shipping rates. In addition, the current maritime program has already stretched the limits of U.S. shipyard capacity to build large tankers, and the increased demand for such ships resulting from the enactment of H.R. 8193 would force upward the prices of steel and other scarce materials without significantly increasing the rate of tanker construction over the next few years.

*Creates an undesirable precedent and invites retaliation.* By extending cargo preference to commercial cargoes for the first time, H.R. 8193 would violate a long-standing U.S. position of fostering less restrictive international trade and commercial policies by all nations. If this precedent is established, other interested groups may be expected to seek its application to other commodities. The legislation would also provide an excuse for foreign countries to adopt similarly discriminatory measures. Such actions could take the form of cargo preference damaging to other segments of the U.S. economy. It should also be noted that this legislation would violate our treaties of Friendship, Commerce and Navigation with more than thirty countries.

*Intensify possible energy shortages.* Because of the complicated accounting procedures which must be imposed in the administration of oil cargo preference, certain importers now serving the United States may be expected to seek other markets, thus increasing shortages that are to be expected before the goals of Project Independence are achieved.

With the sole exception of the credit for foreign-to-foreign operation of VLCC's until a deepwater port off a coast of the United States is in operation, the many changes in H.R. 8193 made by the Senate Commerce Committee have not accomplished any improvement in the bill. Our objections to the changes include the following:

*Absence of waiver provision.* The absence of a provision permitting oil import cargo preference to be waived by speedy Executive action could be extremely unfortunate, and in the event of a national emergency, it could be most damaging. In the absence of a waiver provision similar to that contained in section 901(b)(1) of the 1936 Act, the United States could be placed in the anomalous and possibly precarious position of requiring U.S.-flag tankers to carry necessary imports and being forced to depend at least partially on foreign-flag tankers for delivery of fuel to combat forces overseas.

*Amendment of section 902(b)(1).* The insertion of a "nearest port" requirement could lead to significant increases in the shipment time and cost for government-impelled cargoes sent abroad. The extent of such increases would vary among United States regional origin points. It is difficult to anticipate how preference cargo shipments from the Great Lakes region might be affected because there are a limited number of ships in the U.S. privately owned ocean-going merchant fleet that can transit the Saint Lawrence Seaway fully laden.

*Double bottom requirement.* The value of requiring double bottoms is highly doubtful in view of the recent rejection of such a requirement by the IMCO conference on design and construction standards for tankers to prevent oil pollution. The rejection of double bottoms by IMCO has been followed in recently proposed Coast Guard regulations. This wasteful requirement will add five to eleven percent to the cost of tankers, which implies a required freight rate six to seven percent higher than tankers without double bottoms.

For the reasons summarized above, the Department of Commerce is strongly opposed to enactment of H.R. 8193 as ordered reported by the Committee.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our report to the Congress from the standpoint of the Administration's program.

Sincerely,

FREDERICK B. DENT,
*Secretary of Commerce.*

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GENERAL COUNSEL
OF THE DEPARTMENT OF DEFENSE,
*Washington, D.C., July 24, 1974.*

Hon. NORRIS COTTON,
*Committee on Commerce,*
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR COTTON: Receipt is acknowledged of your letter of 3 July 1974 concerning H.R. 8193, the proposed "Energy Transportation Security Act of 1974." The Department of Defense (DoD) not only opposed the enactment of H.R. 8193 when it was considered by the House but strongly opposes the version now appearing in the Senate Commerce Committee Print of 28 June 1974.

Our objections to the earlier version of the bill were contained in testimony before the House Subcommittee on Merchant Marine on 11 October 1973 and in letters on the same subject to Mr. Magnuson dated 9 October 1973 and 21 May 1974. Since that time, the amendments made by the Senate Commerce Committee have both broadened the scope of the bill and narrowed flexibility in the use of ocean transportation. This flexibility is not only necessary in the interest of national defense but also critical in the conservation of government funds expended for transportation purposes.

The first major addition, now appearing at page 3, line 23, of the Committee print would amend 46 U.S.C. 1241(b)(1) to require all government-impelled cargoes (not restricted to petroleum products alone) to be shipped "at the port or range of ports nearest the point where such equipment, materials, or commodities are manufactured or produced." Not only does this provision appear to go beyond the original purposes of the bill, it could carry substantial impact on DoD particularly because of its vague language.

It appears that the purpose of the proposed amendment is to force vessels to go to the ports indicated to pick up cargoes rather than require that such cargoes be moved to other ports which are customarily served by U.S. flag ships. If the U.S. flag ships did not offer service at the port or range of ports indicated, the government would be forced to consider shipping cargo reserved for U.S. flag ships on foreign flag bottoms. An unacceptable alternative would be to accumulate cargo manufactured, for example, in the Great Lakes Basin at one Great Lakes Port for the purposes of inducing a U.S. flag vessel to call. This would delay movement of vital defense cargoes and would very likely result in higher transportation costs and larger stock levels to compensate for increased pipeline time. On the other hand, the routing of ships to call at a multiplicity of Great Lakes ports for small lots would be obviously more expensive and would entail similar if not greater delays.

The Military Services, DSA, and GSA procure a multitude of items that are subsequently shipped to depots for storage that are far removed from points of manufacture or production. These supplies are ultimately issued for both domestic and foreign use. A substantial amount of these supplies are shipped overseas from these depots and inland consolidation points. To return these cargoes to be shipped from the nearest port to their origin point would impose an unconscionable and expensive burden on DoD. In addition, DoD, in many cases, would be denied the benefits of consolidation into container load lots.

Ports are selected for DoD export cargo on the principle of lowest overall cost to the DoD, consistent with operational requirements. In short, costs for a particular segment are not the determining factor for port selection; but, collective cost, when put together and related to service availability to meet delivery schedules, is the criterion for routing export cargo. In many instances, in the exercise of sound traffic management, DoD cargo is routed to ports that are not the closest to the point of origin in order to take advantage of the lowest overall cost principle and the availability of ocean shipping. The effect of the proposed legislation could be to dismantle the present DoD stock point and distribution system for overseas shipments. It could also diffuse DoD's ability to produce and transport its shipments to the many individual overseas consignees at the lowest overall cost to the government.

The provision cited above is not clear with respect to ports protected from port equali-

zation practices by Section 8 of the Merchant Marine Act, 1916, i.e., territorial regions and zones tributary to such ports. The Federal Maritime Commission has held that Stockton, California is not protected from port equalization for the benefit of San Francisco since they serve the same hinterland. (*Stockton Port District* v. *Pacific Westbound Conference*, 9 FMS 12 (1965) affirmed 369 F. 2d 380 (9th Cir. 1966)). It would appear that supplies with an origin closer to Stockton than San Francisco would now be required to move through Stockton notwithstanding the case and decision cited.

It would seem that the proposal was aimed principally at non-military preference cargo to which only 46 U.S.C. 1241(b)(1) presently applies. Up to 50 percent of civilian preference cargo can move on foreign flag ships and undoubtedly a large portion of that which originates in areas naturally tributary to Great Lakes ports does move from those ports in foreign flag ships. This would seem to be particularly the case with grain cargoes. All military cargo, however, is required by the 1904 Cargo Preference Act, 10 U.S.C. 2631 (with exceptions not relevant here), to move in U.S. flag ships. The Comptroller General held in 48 Comp. Gen. 429 (1968) that the 1904 Act requires military cargo to be routed to ports served by U.S. flag ships or that DoD specially route U.S. flag ships to other ports where the cargo is directed for shipment. Thus, so far as DoD is concerned, it would seem that there would be a conflict of directions. This bill would require cargo to be routed to the port nearest to the place of manufacture. The 1904 Act would require the cargo to be routed to a port served by U.S. flag shipping. The Comptroller General's decision does point to a way out of this dilemma. That is the special routing of U.S. flag ships to ports nearest the place of manufacture not otherwise served by U. S. flag shipping. As pointed out above, this routing of ships, however, would be extremely expensive when small lots of cargo are involved which must move on short time frames and cannot therefore be accumulated into large lots suitable for economical carriage.

However, with respect to the use of U.S. flag ships out of Great Lakes Ports, information available to DoD indicates that only eleven U.S. flag commercial ships (1 break-bulk and 10 container) over 1,000 DWT are capable of transiting the St. Lawrence Seaway. Since DoD is governed by both the 1904 cargo preference statute (100% on U.S. flag or U.S. owner vessels, 10 U.S.C. 2631) and the 50/50 Act (46 U.S.C. 1241(b)(1)), the "nearest port" clause would place DoD in an almost impossible situation and also would place an additional unconscionable administrative burden on DoD even under the doubtful assumption that all eleven of the U.S. flag commercial ships were available and could be used efficiently.

The increasing use of barge ships whose barges may now call at inland ports not reachable by the "mother ship" should be noted. The intent of the port provision of H.R. 8193 is not clear with respect to such operations. The question remains concerning whether the ports in question involve coastal and Great Lakes ports solely or include all the ports reachable by barge operations.

Accordingly, the DoD strongly opposes the port provisions as they now stand. If such provisions are desired, the DoD should be exempted therefrom in the interests of responsiveness to national defense transportation requirements and unnecessary expense to the government.

Another matter of considerable concern to DoD is the lack of a clear provision for the waiver of carriage requirements in the event of an emergency. This provision now exists in 46 U.S.C. 1241(b)(1). However, with the addition of a new subsection (d), which would not specifically contain such a waiver provision, it could be interpreted as denying to the DoD the flexibility to respond to contingency or emergency requirements of the armed forces should it be necessary (e.g., to alter patterns of petroleum distribution by the use of tankers not meeting the proposed requirements concerning registry, age, economic life, and pollution control capability). Any impediments to the capability of DoD to respond to the requirements of the national security and defense are strongly opposed. It should be noted that the provisions for waiver which now exist in 46 U.S.C. 1241(b)(1) have not resulted in a disadvantage to the U.S. merchant marine. Therefore, if enacted, a provision for waiver similar to that which now exists should be included in the proposed subsection (d).

As noted above, DoD opposed the original language of H.R. 8193 on the grounds, inter alia, that the legislation was unnecessary in view of the progress made and anticipated pursuant to the Merchant Marine Act of 1970. We still maintain that view. The Department of Defense has historically supported a strong, modern United States merchant marine, capable of providing United States flag vessels in adequate numbers to support the Defense needs of the nation in time of peace or war. The post-war decline in the U.S. Merchant Marine has been viewed with misgiving, but the passage of the Merchant Marine Act of 1970 finally raised the prospect that the nation's shipping fleet could be revitalized in coming years without resort to constraints on the free access of the world's merchant fleets to U.S. ports. For, just as we support a strong U.S. Flag Merchant Marine, we oppose measures which would seek to impose limitations on the free movement of commerce on the high seas. Restrictions by one nation breeds restrictions by many of the ultimate detriment of all.

The United States has become, and will remain for some years into the future, an oil-short and refinery-short nation dependent on multiple foreign sources of crude oil and refined products to sustain its economy in peacetime and to insure adequate petroleum resources for the nation's security in time of war. We cannot expect the nations which produce or refine that oil, however friendly they may be, to look with equanimity on unilateral American legislative actions which would dictate in part the flag of the vessels which call at their ports to carry away their crude oil or refined products, or deliver crude oil to their refineries. H.R. 8193 would so dictate, and should it become law, we must realistically anticipate counter actions which would lead to compartmentalization of the world's tanker fleets on a national flag basis. Eventually, most tankers would be controlled by governments which are likely to be parties to, or vitally concerned with future potential crises in international oil supply, whether caused by economic, political or military reasons. The great flexibility in employment of the world tanker fleet which we have always enjoyed in the past would be gone, with potentially harmful results in an emergency.

We recognize the benefits which might flow from the proposed legislation for domestic shipyards and their employees as well as for American seamen, but the same benefits are already being gained by existing legislation which is producing tankers able to compete in unrestricted world trade. H.R. 8193 is unlikely in our judgment to produce sufficient U.S. flag vessels in this decade to meet the minimum percentages specified for U.S. flag participation in imports, and at the same time meet military requirements as well as intra-coastal movements restricted to U.S. flag vessels by the Jones Act. Accordingly during the critical years of maximum U.S. dependence on foreign imports the bill will do little for national security. However, it can be expected that a rapid expansion of U.S. tanker shipbuilding will occur, probably producing a large amount of new tonnage by the early 1980's, at a time when Project Independence should be leading to sizable reductions in foreign imports. Most of the vessels built under the stimulus of H.R. 8193 should, if the nation is to avoid exorbitant transportation costs, be of the larger sizes. They will be unable to compete effectively in foreign trade and will thus face increasing unemployment as Project Independence develops momentum.

The results of the foregoing considerations could be a boom and bust cycle in U.S. shipbuilding and maritime employment which might lead to strong political and economic pressures to mitigate the drive for energy self-sufficiency, or to force ever higher percentage preferences for U.S. flag carriage of oil imports. Either alternative could be contrary to the best interests of the nation's security.

It is the potential constraints on oil availability, not tankers, which is the key to adequate energy supply. This fact was well demonstrated during the recent oil embargo when almost overnight the world went from a tight tanker supply to a large surplus. There is now a large and growing excess of world tanker capacity which will be sharply increased whenever war or boycott interferes with normal oil supply. Availability of U.S. flag tankers does not therefore provide significant additional assurance that an adequate oil supply will be maintained. In fact, during politically or economically motivated oil boycotts against this nation, U.S. flag tankers could be a distinct liability at loading ports of boycotting or neutral nations.

In the opinion of this Department, H.R. 8193's benefits are outweighed by its disadvantages which in summary are: (1) increased cost of ocean transportation resulting in higher domestic petroleum prices; (2) encouragement of compartmentalization of world tanker fleets and trade routes; (3) potential conflict with the goals of Project Independence; (4) failure to provide any significant additional assurance of oil supply in an emergency; (5) encouragement of unnecessary and non-competitive tanker construction in the face of an incipient world tanker surplus and (6) unwarranted disruption of the DOD distribution system resulting in excessive transportation costs, increased supply levels, unnecessary administrative burden, and loss of flexibility to respond to the needs of national defense.

For the foregoing reasons, the Department of Defense strongly opposes enactment of H.R. 8193.

Sincerely,

MARTIN R. HOFFMANN.

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FEDERAL ENERGY ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR,
*Washington, D.C., July 31, 1974.*

Hon. NORRIS COTTON,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR COTTON: This is in response to your letter of July 3, 1974, requesting the views of the Federal Energy Administration with respect to the Senate version of H.R. 8193, a bill "To require that a percentage of United States oil imports be carried on United States-flag vessels."

The bill, amending Section 901 of the Merchant Marine Act, 46 U.S.C. § 1241, provides that not less than twenty percent of the gross tonnage of all oil transported on ocean vessels for import into the United States shall be transported on privately owned United States-flag vessels. This quantity would increase, after June 30, 1975, to not less than twenty-five percent of the gross tonnage, and after June 30, 1977, to not less than thirty percent. The bill directs the Secretary of Commerce to take steps in implementation of its requirements.

We oppose this legislation on the grounds that it would increase the likelihood and

severity of energy shortages, reduce our capability to make adjustments in case of a selective embargo, raise the cost of oil to consumers, and impede implementation of Project Independence.

In the event of supply interruptions caused by producing countries cutting off exports, our security interests would not be served by regulations requiring the use of U.S. flag tankers. Flexibility would be markedly reduced. When this country has faced interruptions in the past, companies have managed to maintain oil flows by utilizing all of the world tanker fleet, regardless of flag, ownership, or nationality of crews. The ability to move tankers from one route to another would be severely impaired if shippers were faced with provisions requiring that supplies for specific countries could only be transported in specific tankers. This requirement is exacerbated in the Senate version of the bill, which, unlike the House version, is not subject to the executive waiver contained in 46 U.S.C. § 1241(b)(1). The lack of waiver restricts the President's ability to act independently in a national emergency to lift the Act's requirements, and make available the greatest number of vessels for the transportation of oil.

Even without a supply cutoff, the bill creates logistical problems with respect to the country's continued importation of refined products. The availability of these products depends upon spot conditions, such as foreign demand and operational refinery capacity, that are difficult to predict. Hence, importers must act quickly to obtain available supplies. The introduction of requirements adversely affecting the ability of U.S. importers to move such supplies would reduce their ability to respond quickly, and thus tend to reduce the amount of imports into this country.

Enactment of the bill would also increase pressure on the cost of a commodity which has, in the past year, become considerably more expensive. The scarcity of U.S. tankers, and the fact that transportation in U.S. ships is costlier than that in foreign vessels, would cause an immediate increase in the price of imports and hence contribute to the inflation already borne by U.S. consumers.

In addition, passage of cargo preference legislation would divert technical and manpower resources into building tankers for oil imports when we have more urgent needs related to developing domestic energy sources. Development of resources from the Outer Continental Shelf and the North Slope of Alaska will play a major role in significantly reducing the need for oil imports by the end of the decade. Each of these operations will require construction within a short time of new equipment and additional shipping capacity suitable to service them. On the Outer Continental Shelf, we will need more drill ships, submersible and semi-submersible drill rigs, fixed platforms, work boats and other maritime facilities. Similarly, new, specially-equipped U.S. flag tankers will be needed to haul oil from the Trans-Alaska Pipeline to markets in the United States. Thirty-two tankers will be required just to handle that trade. Construction of tankers for oil imports will mean less steel either for tankers for the Alaskan trade or for floating drilling rigs for developing the Outer Continental Shelf.

Cargo preference legislation would result in our building tankers in the face of a growing world surplus. Not only the United States but other consuming nations have embarked on energy conservation programs, and tankers under construction or on order on a world-wide basis are expected to greatly exceed the need for tankers for many years. In addition, the opening of the Suez Canal and construction of a pipeline across Egypt are expected to reduce the need for tankers. With the completion of the tankers currently on order, there will be a surplus of oil tankers, particularly of the "Very Large Crude Carriers" (VLCCs) used for the long haul from the Persion Gulf to the consuming nations of the industrialized world. In the face of these developments in the world tanker market, it would be injudicious for the United States to force a substantial construction program for tankers to import oil. Further, it would stimulate investment in the future of oil imports rather than investment in the future of energy self-sufficiency.

We have the following specific comments to take on sections of the Senate version of H.R. 8193 which differ from the House bill. First, the Senate version of the bill would limit U.S.-flag commercial vessels to ones that are less than 20 years of age and with respect to which the owner or lessee has entered into a capital construction fund agreement with the Secretary of Commerce, pursuant to which the vessel will be reconstructed or replaced at the end of 20 years. We believe that the economic life of a vessel should be determined by its owner. This provision would result in increased costs due to requirements that the vessel will lose its U.S.-flag status at the end of 20 years in spite of its having a longer economic life.

Second, the Senate bill would require a tanker owner to make mandatory deposits in a capital construction fund in order to replace the vessel after 20 years. One of the aims of the Administration is to reduce our dependence on imports in the future by encouraging conservation in the consumption of energy in the United States and by increasing our supply of energy from domestic sources. Under these circumstances, we think it is unrealistic to require owners to put money aside for the replacement of vessels 20 years from now, when requirements so far in the future for tankers to bring imports into the United States may be less than at present.

Third, tankers over 20,000 dead weight tons (DWT) constructed after December 31, 1974, and delivered after December 31, 1978, would be required to be equipped with double bottoms. This requirement would substantially increase construction costs and could decrease fleet carrying capacity. In addition, the Coast Guard has recently proposed regulations on segregated ballast requirements which will meet many of the pollution control problems without the increased costs which a requirement for double bottoms would cause.

Finally, the provision in the Senate bill which reduces import fees imposed pursuant to Presidential Proclamation No. 3279 would not significantly reduce the cost to the consumer of cargo preference and would be unwise from a policy standpoint. The proposed fee reduction would only partially compensate for the bill's added cost since fees are phased in gradually over the next six years. Furthermore, import fees are designed to discourage imports by providing incentives for increased domestic exploration. The credibility of the fee system, and hence its effectiveness, would be undermined by authorizing exceptions and preferences unrelated to the purpose of increasing our energy self-reliance.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

JOHN C. SAWHILL,
*Administrator.*

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, D.C., July 15, 1974.*

Hon. NORRIS COTTON,
*Committee on Commerce, U.S. Senate, Washington, D.C.*

DEAR SENATOR COTTON: This responds to your letter of July 3, 1974 in which you ask our position concerning the June 28, 1974 Committee Print of H.R. 8193, the proposed "Energy Transportation Security Act of 1974."

The reasons against enactment of H.R. 8193, as originally introduced, which we previously expressed to the House Merchant Marine and Fisheries Committee are still valid with respect to the Senate Commerce Committee Print you forwarded and we therefore continue to oppose enactment of the bill. A copy of the letter in which we previously expressed our views is enclosed.

With respect to the emergency waiver provision you refer to, we agree that such a provision is desirable if the bill should be enacted.

The Office of Management and Budget has advised that there is no objection to the presentation of this letter from the standpoint of the Administration's program.

Sincerely yours,

JOHN H. KYL,
*Assistant Secretary of the Interior.*

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, D.C., October 9, 1973.*

Hon. LEONOR K. SULLIVAN,
*Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.*

DEAR MADAM CHAIRMAN: This responds to your request for this Department's views on H.R. 7304 and H.R. 8193, identical bills "To require that a percentage of United States oil imports be carried on United States-flag vessels."

We recommend against enactment of these bills for the reasons stated herein.

Section 901 of the Merchant Marine Act of 1936 as amended, 49 Stat. 2015, 46 U.S.C. §1241(b)(1), requires that 50 percent of any cargo procured by the United States from a foreign nation or furnished by the United States to a foreign nation without reimbursement, shall be transported in United States-flag commercial vessels. For the purposes of the Act, United States-flag vessels must be documented under United States laws and must have a United States crew. If the ship was built or rebuilt outside of the United States, or if it had been documented under a foreign flag, to qualify as a United States-flag vessel it must be documented under United States laws for three years.

H.R. 7304 and H.R. 8193 would amend the Act to require that 20 percent of all petroleum products imported into the United States on ocean vessels be transported in privately owned United States-flag commercial vessels to the extent such vessels are available at fair and reasonable rates. The requirement would be increased to 25 percent in 1975 and 30 percent in 1977 if the United States tonnage is adequate to carry that quantity.

We oppose both bills for several reasons. First, while the United States and many other nations now have cabotage laws restricting trade between domestic ports to vessels of their own flag, very few countries impose these flag restrictions on their imports. The United States has traditionally favored international free trade for private shipping. Enactment of these bills is therefore contrary to that tradition and might prompt similar restrictions by other countries on their imports or restrictions by oil producing nations on their exports.

Second, the bill would substantially increase the cost of imported oil to consumers. American crews are two to three times more costly than foreign crews. The increased cost of imported oil would be borne mostly by east coast consumers. Assuming that this country's dependence on foreign oil increases at the current rate, the bills could raise the cost of imported oil by hundreds of millions of dollars annually by 1985.

While we recognized the importance to the nation's security and economy of a strong domestic shipping industry, we note that there are presently a number of Fed-

eral programs designed to revitalize the domestic shipping industry on both the building and operating levels. Moreover, in time of emergency the United States can call upon ships from the "effective control fleet." This fleet is comprised of ships sailing under Panamanian, Honduras and Liberian flags and owned by the United States citizens who agree to transfer control of the ships to the United States in the event of a national emergency. Moreover, many United States owned vessels sailing under foreign flags of convenience never sail into ports controlled by countries of the flag they are flying. The ties these vessels maintain with such countries are often minimal and for appearance only. Any danger of these vessels coming under exclusive control of the foreign country where they are registered is thus remote.

Therefore, we do not feel that the national security benefits these bills and intended to achieve justify the conflict with free trade policies, and the unavoidable increase in costs to consumers of imported oil.

The Office of Management and Budget has advised that there is no objection to the presentation of this report and that enactment of H.R. 7304 or H.R. 8193 would not be in accord with the program of the President.

Sincerely yours,

STEPHEN A. WAKEFIELD,
*Assistant Secretary of the Interior.*

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DEPARTMENT OF JUSTICE,
*Washington, D.C., July 26, 1974.*

Hon. NORRIS COTTON,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR COTTON: Your letter of July 3, 1974, to the Attorney General asks for our views on the Committee Print of H.R. 8193, the proposed "Energy Transportation Security Act of 1974," which sets forth the bill in the form reported to the Senate by the Committee on Commerce. In this form the bill is considerably different from the bill as passed by the House of Representatives, on May 8, 1974.

The earlier version was almost entirely an amendment to section 901 of the Merchant Marine Act of 1936, as amended, 46 U.S.C. § 1241(b)(1). That provision presently requires that 50 percent of any cargo procured by the United States from a foreign nation or furnished by the United States to a foreign nation without reimbursement shall be transported on privately owned United States-flag commercial vessels. The section defines such vessels to exclude, in effect, virtually all but those constructed within the United States. The present version of the bill makes only a minor amendment to section 901(b), adds a wholly new subsection (d), and contains some provisions which are independent of that Act.

Section 2 has a typographical error and is unclear. However, it appears to amend section 901(b)(1) to add the proviso "to the extent such vessels are available" to the requirement that 50 percent of United States cargo be transported on United States-flag commercial vessels.

Section 3, adding a new subsection (d) to section 901, incorporates much of the substance of the earlier version of the bill plus certain new provisions. Thus, the Secretary of Commerce is required to take steps to assure that not less than 20 percent of the oil imported into the United States on ocean vessels be transported in privately owned United States-flag commercial vessels to the extent that these vessels are available at fair and reasonable rates.

The requirement would be increased to 25 percent in 1975 and 30 percent in 1977 if the United States tonnage is adequate to carry that quantity. The requirement would cover both direct shipment to this country and shipments from the original point of production to intermediate points for storage, processing, refining, or transshipment and ultimate delivery into the United States. The Secretary of Commerce in administering the Act may establish by rule reasonable classifications of persons and imports subject thereto. Provision is also made for review of agency action under the Administrative Procedure Act and for judicial review in the D.C. Court of Appeals.

The subsection contains certain new provisions. For example, the Secretary of Commerce is authorized to grant credits toward the fulfillment of the percentage requirements imposed in the case of oil transported by United States-flag vessels over 100,000 deadweight tons between foreign ports until such time as an oil discharge facility capable of discharging fully laden vessels of over 300,000 deadweight tons is in operation on any coast of the United States. The provision contains a new definition of privately owned United States-flag commercial vessels which goes beyond that already contained in section 901(b)(1) to require a capital construction fund agreement between the owner or lessee and the Secretary of Commerce which would incorporate terms specified in the provision. The subsection also requires annual reports by the Secretary of Commerce to the President and Congress.

Section 4 of the bill exempts small refiners of less than 30,000 barrels per day capacity from its provisions so long as the total imports of the refiner do not in any years exceed its rated refining capacity. Section 5, finally, would reduce license fees required on imports of crude oil by 15 cents per barrel for a period of 5 years if the Secretary of the Treasury determines that such crude oil is transported on United States-flag vessels and the fee saving is being passed on the the ultimate consumers of the crude oil.

The Department of Justice is opposed to impediments placed in the way of full and free competition in the marketplace. We are also opposed in principle to schemes for Government regulation and allocation of commodities because they operate to freeze and distort the working of competitive forces. This bill includes both objectionable features.

First, by requiring that certain percentages of oil imports be carried in United States-flag vessels the bill creates a captive, non-competitive market for this class of tankers.

It is well known that U.S.-flag vessels cost more to construct and more to operate than others. With their use required to the extent indicated the added costs will naturally be passed on to the consumer, disproportionately so to the consumer on the East Coast where the need for imported oil is by far the greatest. But aside from this, establishment of a sheltered market will have an inevitable upward effect on rates, insulating as it will this portion of the tanker trade from the competitive forces of world tanker rates. The situation in the tanker market will be analogous to that in former years when the Mandatory Oil Import Program, by curbing the volume of imported oil, served to insulate the domestic crude and product markets from the competitive effects of foreign oil which was then selling at much lower prices.

Second, special provision for certain tankers necessarily will require a measure of governmental regulation over all tanker imports in order to allocate the required percentages to U.S.-flag vessels. Aside from necessitating a cumbersome and perhaps unworkable system of control, this regulation could seriously affect competitive relationships in the petroleum industry.

Some recognition of this aspect is seen in the bill's exemption from its provisions of imports by small refiners. The rationale for this is obviously the comparatively greater impact an increase in shipping costs would have on their operations compared to the major integrated companies, with a resultant increased difficulty in competing against the latter. But the bill here deals only with the very smallest operators, taking no account of the shipping cost impact on other small refiners, defined by Congress in Emergency Petroleum Allocation Act of 1973 (87 Stat. 627, 629), as those ranging in size up to 175,000 barrels per day capacity.

Again, the ability of non-integrated importers to compete against the majors would be further jeopardized by the bill's provision including shipments from a foreign point of production to a foreign refinery before the product is shipped to this country. This requirement might be attainable by the larger, fully integrated oil companies using their own foreign refineries or the foreign refineries of other under long-term fixed-quantity contracts. But it would seem highly unlikely that any foreign refiners other than those whose primary market is the United States would employ higher-cost U.S.-flag tankers to supply it with crude against the chance of facilitating short-term contracts or spot sales to smaller non-integrated American importers.

In addition, as your letter noted, the problem is compounded by the revised organization of the bill's provisions. Establishing the U.S.-flag vessel quota requirements in a separate subsection has the effect of preventing the applicability to them of the proviso in section 901(b)(1) permitting a temporary waiver of cargo preferences ". . . whenever the Congress by concurrent resolution or otherwise, or the President of the United States, or the Secretary of Defense declares that an emergency exists justifying a temporary waiver. . . ." Thus, under the revised bill the cargo preference requirement is made absolute, with no possibility of waiver for any reason whatever.

For the foregoing reasons, accordingly, the Department of Justice continues to recommend against enactment of this legislation.

Sincerely,

W. VINCENT RAKESTRAW,
*Assistant Attorney General.*

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DEPARTMENT OF STATE,
*Washington, D.C., July 16, 1974.*

Hon. NORRIS COTTON,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR COTTON: The Secretary has asked me to reply to your letter of July 3, 1974, requesting the views on Senate Commerce Committee Print on H.R. 8193 dated July 12, 1973.

Although the Senate version of the cargo preference bill differs from the House version passed on May 3, we still consider the legislation to be adverse to the foreign economic policy interests of the United States. Our basic objections which were summarized in former Acting Secretary of State Kenneth Rush's letter to the Chairman dated May 17 and in Departmental testimony before the subcommittee on the Merchant Marine are that the bill, *inter alia*, (1) would place the United States in violation of more than thirty FCN treaties; (2) would encourage similar or more restrictive moves on the part of other countries; (3) would adversely affect the security and flexibility of the transport of U.S. energy imports; and (4) would, by increasing petroleum import costs, affect the U.S. domestic economy in and of itself and would have a negative effect on U.S. export competitiveness.

The Senate version in proposed subsection (d) (5) would add a further protectionist element to our foreign shipping policy by providing for a waiver of the fee on imported oil up to 15 percent a barrel when it is brought in by U.S. flag tankers. Even though savings would have to be passed on to consumers, this protectionist aspect may be legitimately criticized by our trading partners as discriminatory; it will thus undercut

broader U.S. foreign economic policy objectives.

Because of these adverse foreign policy considerations, I urge you and your colleagues to vote against approval of H.R. 8193.

Cordially,

LINWOOD HOLTON,
*Assistant Secretary for Congressional Relations.*

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SECRETARY OF TRANSPORTATION,
*Washington, D.C., July 26, 1974.*

Hon. NORRIS COTTON,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR COTTON: Reference is made to your letter of July 3, 1974, which requested the comments of the Department of Transportation on the Senate version of H.R. 8193.

The bill would amend section 901 of the Merchant Marine Act of 1936 by adding a new subsection to ensure that at least twenty percent of the gross tonnage of all oil imported into the United States on ocean vessels is transported on privately owned United States-flag commercial vessels. The bill would require that the amount carried be increased to twenty-five percent by June 30, 1975, and to thirty percent after June 30, 1977, if the Secretary of Commerce determines prior to the effective dates that there is adequate United States tonnage available to carry those quantities of oil.

The bill defines a "privately owned United States-flag commercial vessel" as a vessel of United States registry, which was built in the United States, not over twenty years old (or reconstructed and not beyond economic life), and whose owner or lessee is a party to a capital construction fund agreement which requires replacement at the end of 20 years or extended economic life. Additionally, any privately owned United States-flag commercial vessel larger than 20,000 dead weight tons entitled to the benefits of this proposed subsection, and contracted for after December 31, 1974, or delivered after December 31, 1978, would be required to be constructed using the best available pollution prevention technology and equipped with a segregated ballast capacity, determined appropriate by the Secretary of Transportation, achieved in part by fitting double bottoms.

The Department of Transportation prepared and forwarded to the Senate Committee on Commerce comments on S. 2089, a companion bill to H.R. 8193, on December 18, 1973. We also prepared and forwarded to you answers to three specific questions concerning the relationship between H.R. 8193 and the regulation of tanker vessels under title II of the Ports and Waterways Safety Act of 1972 (46 USC 391a) [hereinafter referred to as the Tanker Act] on June 25, 1974. We offer the following comments on the new Senate version of H.R. 8193.

The Department of Transportation strongly opposes the new Senate version because it would conflict with the administration of the Tanker Act. Section 201 of the Tanker Act gives the Secretary of Transportation the necessary authority to issue rules and regulations for vessels carrying liquid cargo in bulk to regulate design and construction to protect the environment (46 U.S.C. 391a(3)). Double bottoms are not legislatively required by that Act. This bill would require double bottoms on new vessels (as defined in the proposed 46 U.S.C. 1241(d)(4)(B); line 14–24, page 7 of the bill). Arguably, the bill would require the Secretary of Transportation to issue regulations requiring double bottoms on a certain class of vessels, i.e., those new vessels carrying oil for import, whether in bulk or not. Therefore, certain tanker vessels engaged in international trade would be required to have double bottoms, while other tanker vessels would not.

We feel the environmental benefit of this bill is limited. This Department has sufficient regulatory authority under the Tanker Act to address necessary environmental protection issues for tankers. We do not believe double bottoms are a fully effective environmental protection feature unless their adoption is mandatory and universal; that is, for all vessels, both foreign and domestic. This bill would require double bottoms on only a very limited number of tankers; therefore, the degree of protection afforded the environment would be quite small. They would not be required on United States vessels used exclusively in the coastwise trade or exclusively on internal United States waters. Foreign tanker vessels would not be affected, although the bill also raises serious questions about the applicability of 46 U.S.C. 391a(7) in the Tanker Act which requires that any regulatory requirements under the Tanker Act which requires that any regulatory requirements under the Tanker Act apply equally to foreign and United States-flag vessels operating in the foreign trade. Any attempt to extend the double bottom requirement to foreign vessels would meet with strong foreign opposition in light of the rejection of the double bottom concept at the 1973 IMCO Pollution Conference. Further, United States tanker vessels carrying substances other than oil would not be required to comply with the double bottom standard. Therefore, the bill creates a system of inequalities among tanker vessels in contrast to the Tanker Act which mandates equal treatment for all classes of tankers.

We also question the use of the phrase "best available pollution prevention technology" (proposed 46 U.S.C. 1241(d)(4)(B); line 18, page 7 of the bill). There is no corresponding requirement under the Tanker Act and, therefore, a question exists as to exactly what the phrase describes, or whether it is intended to differentiate from construction and operating standards to be issued under the provisions of the Tanker Act. In summary, we feel that the bill is not only a limited pollution prevention measure, but also a stumbling block in the development of a viable United States flag fleet, which we understand to be the purpose of the bill.

We offer the following technical comments on the bill:

a. The use of substantive provisions requiring construction standards (in lines 14–24, page 7 of the bill) in a definitional section is confusing, particularly in light of the reference back (i.e., "such vessels") to the category or class of vessels being defined. This creates a new vessel/existing vessel problem which should be specifically dealt with.

b. Additionally, nowhere in the bill is there a provision limiting the bill's application to vessels carrying liquid cargo in bulk. The present language would appear to apply to any new vessel carrying even a few barrels of oil for import to the United States. The double bottom construction standard would also seem to apply to these vessels, an obviously unintended result. Therefore, there should be a limitation to ensure the bill's application to only tanker vessels.

c. The definition of "United States" (lines 1–3, page 8) does not include all United States areas in which privately owned United States-flag commercial vessels are presently documented.

d. The reference to the Secretary of Transportation (in lines 20–21 and line 24, page 7 of the bill) should more appropriately be "the Secretary of the Department in which the Coast Guard is operating."

Sincerely,

CLAUDE S. BRINEGAR.

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SECRETARY OF THE TREASURY,
*Washington, D.C., July 30, 1974.*

Hon. NORRIS COTTON,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR COTTON: I have reviewed the provisions of H.R. 8193, the "Energy Transportation Security Act of 1974," as it has been reported out by the Senate Committee on Commerce. I am seriously concerned at the impact which this Act will have on the nation's economy and on our ability to accommodate future energy demands if it were to be enacted in its present form.

As previously noted in my letter of July 3, 1974, enactment of this legislation as it passed the House would result in higher costs for both imported and domestic oil by requiring a specified percentage of United States oil imports to be carried in United States flag vessels. It would adversely affect the nation's ability to maintain and assure adequate supplies of energy, and to achieve the goals of Project Independence. Moreover, supplying the United States built tanker capacity required by this Act would divert vital shipyard facilities from such important domestic energy production efforts as the manufacture of oil rigs and tubular goods.

Two changes made by the Committee on Commerce since the date of my earlier letter are especially disturbing.

First, as reported out by the Committee, the Act would fail to incorporate the provision allowing an emergency Presidential waiver of the requirement that a percentage—rising from 20 percent at the time of enactment to 30 percent beginning in 1977—of U.S. oil imports be carried in United States flag vessels. Delegation of the emergency waiver provision would greatly reduce our ability to respond quickly and effectively to any future supply interruptions, and our flexibility in securing needed imports under such conditions.

Second, the Committee version would require the reduction of import license fees payable on imports of crude oil pursuant to Presidential proclamation. Such fees would be reduced by 15 cents per barrel for a period of five years from the date of enactment, if the Secretary of the Treasury determines that the crude oil involved is imported on privately owned United States flag commercial vessels, and that "the amount resulting from the nonpayment of such license fees is passed on to the ultimate consumers of such crude oil in whatever form it is when ultimately consumed."

The imposition of license fees is a carefully considered mechanism designed to encourage increased domestic oil production capacity. Insofar as crude oil imports are concerned, it is intended to encourage domestic exploration. Any exemption not directly related to this purpose would undermine this very important mechanism, and seriously affect our ability to set such fees so as to achieve this result. Moreover, the bill is unworkable in its present form since it is difficult, if not impossible, to determine whether license fee savings from use of United States flag vessels have been passed on to the ultimate consumer.

Both this Department and the Federal Energy Administration have previously highlighted, in correspondence and testimony, the adverse effects that enactment of H.R. 8193 would have. As now reported out, such effects would be even more severe. I strongly urge that the bill not be enacted in its present form.

Sincerely yours,

WILLIAM E. SIMON.

## TRIBUTE TO WAYNE MORSE

Mr. BAYH. Mr. President, it was with great sadness that I learned of the death of former Senator Wayne Morse on Monday, July 22. The country has lost a truly great American, the world has lost a man of distinction, and those of us in the U.S. Senate have lost a friend and a colleague who brought honor to this body.

For all of his 73 years, Wayne Morse fought for his principles. His life was an amplification of the phrase rugged individualism. As a legislator, he was truly nonpartisan, and defended and supported his values no matter what the party line dictated. We all know that he was a member of both major political parties during his service in the Senate. However, no matter what party he was affiliated with the people of Oregon and the entire country knew that Wayne Morse was his own man. Nobody, whether a President, Member of Congress or fellow citizen could tell Wayne Morse how to cast his vote.

His lonely fight against the use of U.S. forces in Vietnam is but one example of an issue where he was not afraid to take and to hold a position and viewpoint that was unpopular but which he felt deep in his heart was right.

While his position on Vietnam has received the most attention in recent years, other areas and issues bear the imprint of this remarkable statesman. Perhaps one of his greatest legacies is to the District of Columbia. Wayne Morse took intense, personal interest in the affairs of the District, particularly in the areas of education and home rule. Among his accomplishments in the area of education, was the creation of two institutions of higher education in the Nation's Capital—Federal City College and the Washington Technical Institute. However, his most vocal fight was for effective home rule for the District of Columbia. Ironically this goal was not achieved while he was a Member of the Senate. But he paved the way for Congress to enact the necessary legislation this year and he lived to see home rule finally come to Washington.

None of us ever knows how history will judge our actions. But I feel confident that the unique contributions of Wayne Morse will bring him recognition for a long time to come. Americans can point to him with pride as a man who served his State and country in the best and most honest way he knew—willing to make the tough decisions, to stand out front and alone on an issue and to be open, candid and honest with his constituents. His independence, integrity, and nonpartisan nature made him reminiscent of the great pillars of the Senate in the 19th century.

Wayne Morse forced us to carefully consider all our policies. Democracy in the United States thrives on open debate and constant vigilance to protect and to preserve our guaranteed freedoms. Wayne Morse made sure that his country continued to move forward and refused to close his eyes when he felt the principles upon which this country is built were threatened or being diluted. Wayne Morse forced all of us to carefully consider and reconsider the directions we were headed and whether or not we agreed with him—he made us think and question.

Wayne Morse, the great dissenter who deeply believed in the slogan of his first senatorial campaign—"principle above politics"—will be missed by the entire country. But his legacy of honesty, trust, and integrity will remain for decades to come.

## DAHOMEY'S INDEPENDENCE DAY

Mr. HARTKE. Mr. President, today, August 1, 1974, marks the 14th anniversary of the Republic of Dahomey, a small French-speaking country on the west coast of Africa. Dahomey is rich in history, having been a major West African kingdom during the 18th and 19th centuries. Dahomeans have notable cultural ties with peoples of Brazil and Haiti in the Western Hemisphere.

A developing country, Dahomey's exports are mostly agricultural. Palm oil products have traditionally constituted the country's major export, but in recent years, Dahomey has been increasing cotton production. There are a number of light industry enterprises which produce almost exclusively for the domestic market.

Cotonou, the administrative capital, is a pleasant modern city, with international air services and excellent tourist facilities. Other major towns include: Porto Novo, the traditional capital; Ouidah, a historic trading center dating from the early years of European contact with West Africa; and Abomey, the capital city of Dahomey's royal family. Dahomey's warm tropical climate, sandy beaches, historical sites, and friendly people make it an ideal country for tourists and vacationers wanting a glimpse at authentic West Africa.

The United States has had friendly relations with Dahomey since its independence. There is a small American Embassy in Cotonou and a one man U.S. information office which includes a cultural center. The Peace Corps has been active in Dahomey for several years, and presently has about 60 volunteers engaged mainly in teaching, agriculture, and public health projects. AID has recently made two major development loans: one project involves resurfacing of 75 miles of roadway on Dahomey's vital north-south highway, and the other provides for construction of a new bridge at Cotonou along the coastal highway linking Nigeria with its three western neighbors.

Mr. President, I take this opportunity to congratulate the President, the Government and the people of Dahomey on this, the 14th anniversary of their republic.

## THE RETURN OF THE HOLY CROWN OF ST. STEPHEN

Mr. THURMOND. Mr. President, recent articles in a number of newspapers have expressed the opinion that American possession of the Holy Crown of St. Stephen is a major obstacle to fully normalized, friendly relations between our country and Hungary.

Mr. President, I feel that any attempt on our part to allow the transfer of this crown would be grossly inappropriate. In May of 1945, the guardians of the crown deposited it with our government for safekeeping until such time as a legitimate Hungarian Government would be formed and the country's independence restored.

It is obvious that the present Budapest government was neither elected democratically, nor was it evolved in accordance with the principles of Hungarian traditional constitutional law. Furthermore, the presence of over 60,000 Soviet troops in Hungary and the enforced economic and political integration of Hungary into the Soviet bloc provide clear evidence that the present Hungarian Government is neither legitimate nor independent.

The United States would be abdicating its role as a responsible and trustworthy guardian of the Holy Crown of St. Stephen should it fall prey to transient international politicking and submissively deliver the crown to the present Hungarian regime. Such an action would be a complete and utter betrayal of the trust which the guardians of the crown saw fit to place in our country back in 1945.

For a thousand years, this crown has been regarded as a symbol of constitutional and governmental authority, whether or not Hungary was a monarchy. Furthermore, the crown has been for centuries the symbol of Hungarian Christianity. The Holy Crown of St. Stephen is the symbol of the Hungarian nation's constitutional and Christian heritage, not the property of an atheistic, illegitimate regime imposed by the Soviet Union.

Mr. President, American diplomatic recognition of the present Budapest government does not constitute any form of moral approval. Such action merely recognizes that this particular government effectively controls the territory and successfully imposes its will on the people it claims to represent.

Should we allow the transfer of the crown to such a regime, it would represent a clear and unmistakable moral approbation of the present Budapest government. Such an action would be a terrible mistake for our Nation to commit.

## AIRCRAFT-NOISE CONTROL NOW

Mr. TUNNEY. Mr. President, necessary aircraft noise abatement regulations must be promulgated now. The Noise Control Act of 1972, which I authored, was aimed at reducing noise pollution with the use of all available technology. Yet, after many false starts, too many delays, we still do not have worthy regulations to quiet our thunderous fleet of commercial aircraft—notably those powered by the JT-3-D and JT-8-D engines.

The Federal Aviation Administration has proposed rule 74-14, concerning SAM aircraft retrofit of the JT-3-D and JT-8-D engines which could reduce unneces-

sary aircraft noise by as much as 74 percent within the next 5 years. The airlines have strongly protested this proposed rule, based, it appears to me, on purely pecuniary interests. They favor the NASA refan program—a program costing five times that of retrofit, and not technologically available until 1978. Not only are they sacrificing available technology, but I would not be surprised to hear arguments against SAM advanced against refan when such technology becomes readily available.

Moreover, NASA has discontinued its refan program for the JT-3-D aircraft—the 707's and DC-8's—which comprise the noisiest one-fourth of our current fleet. Such aircraft, likely to be in service for another 5 to 6 years, can only be quieted through the use of SAM. There is no trade-off here. Either the JT-3-D aircraft are quieted now with SAM, or they are not quieted at all.

Yesterday, along with my colleagues, Senators HART, HARTKE, COOK, BUCKLEY, and STAFFORD, I sent a letter to FAA Administrator Alexander Butterfield expressing exasperation with delays and urging immediate promulgation of proposed rule 74-14 which, in compliance with congressional intent under the Noise Control Act of 1972, would make use of available technology to reduce substantially noise pollution.

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

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

U.S. SENATE,
*Washington, D.C., July 30, 1974.*

Mr. ALEXANDER P. BUTTERFIELD,
*Administrator, Federal Aviation Administration, Washington, D.C.*

DEAR MR. BUTTERFIELD: We understand that you are about to decide whether to revise Proposed Rule 74-14 (March 27, 1974) concerning SAM aircraft retrofit, and that promulgation of some form of the Rule will occur imminently. As members of the Senate Committees with oversight responsibility for the Noise Control Act of 1972, we are writing to ensure that you have before you a balanced view of Senate testimony and other information which we have collected on this issue.

In our view, further delay in promulgation of this Rule cannot be justified if FAA is to comply with Congress' directive in Section 7(b) of the Noise Control Act of 1972 to regulate the abatement of aircraft noise "in order to afford *present* and future relief and protection to the public health and welfare" (emphasis added). Based on the information available to us, it appears that FAA has adequately demonstrated that its proposal for the retrofit or retirement of earlier generation jets powered by JT3D and JT8D engines fully complies with statutory requirements for safety, availability of technology and economic reasonableness. Thus, the Rule should be promulgated without additional delay.

The Environmental Protection Agency, community groups around our Nation's jetports, airport operators and the National Academy of Sciences all support prompt FAA adoption of Proposed Rule 74-14. Opposition has mainly come from the airlines themselves, and has primarily been directed at the high cost of implementation of the SAM retrofit program, a cost which is far below that predicted for implementation of the not-yet-demonstrated refan technology.

(Hence, we surmise that objections on grounds of cost will be raised even more forcefully at such future time as refan technology becomes available.)

We concur with the views of Congressman Wydler, the Acting Chairman of the House Subcommittee on Astronautics and Space Technology, who stated at hearings on this issue last week:

"I come to the conclusion (that) I don't think there really is a viable opinion here (in the refan program). If we are going to do anything in this retrofitting field . . . within the foreseeable future, I think we have to go with the SAM program at the present time." (Transcript, p. 293.)

During the one-day hearing held on May 16 by the Senate Aviation Subcommittee of the Commerce Committee, the Subcommittee heard only from industry representatives on the FAA proposed regulations. Regrettably, no oral testimony was received from any of the local community or citizens' organizations around the Nation in support of FAA's program to reduce noise at its source in the aircraft engine. Had these other groups been heard, they would have supported the merits of SAM technology on the following bases:

1. SAM retrofit will provide "meaningful relief" to our citizens.

SAM retrofit program would bring the noise levels of older jets down to those of the new wide-bodied (B-747, DC-10, L-1011) aircraft. By 1978, the use of SAM would reduce the number of persons exposed to unacceptable levels of noise by 74 percent. This is exclusive of operating procedures which, if implemented, would further reduce the number of individuals impacted. Actual tests comparing untreated and SAM-treated aircraft (such as the tests conducted at Dulles Airport) and psycho-acoustic studies conducted by Columbia University reveal that reductions in noise levels are perceptible to airport neighbors and that the noise levels achievable through SAM technology result in significant, measurable reductions in annoyance.

2. The potential benefits from NASA's refan program do not justify the 3-year additional delay and a cost five times that of the SAM program.

The overwhelming weight of evidence adduced at the three oversight hearings this year suggests that the NASA refan program JT8D aircraft to reduce engine noise—is no longer a viable option to quiet today's fleet of aircraft. The refan program, while indicating the promise of substantial reductions in aircraft takeoff noise in the future, has yet to be flight tested, and final results will not be available for at least another year. In contrast, as the U.S. Department of Transportation has testified, the current commercial fleet could be completely modified by 1978 to community-acceptable levels with SAM nacelle treatments. At least a three-year delay, until 1981, would be required if the refan technology, when proven, were to be mandated for the same fleet.

Moreover, it is anticipated that with continued energy shortages, the life of the fuel-efficient JT3D aircraft [707's and DC-8's] will be greatly prolonged. According to the Air Transport Association, 400 of these noisy aircraft will still be flying in the U.S. fleet by 1981. Refan research on these aircraft was discontinued last year, so SAM-ing offers the only hope of noise relief.

System costs for the refan program are anticipated to be five times those of the SAM program, without a proportional reduction in noise impact. The Department of Transportation's study of the noise contours at 23 major U.S. airports, released on July 25 of this year, concluded that, even assuming the most optimistic results of the NASA refan program, the SAM retrofit program is considerably more cost-effective.

3. The $600-$800 million cost of SAM retrofit can be financed in part by a user tax and in part by the Airport and Airways Trust Fund.

The scheduled airlines view the $600 to $800 million cost of the SAM program as a threat to their economic well being. No doubt this same objection will be raised against the $4 billion price tag of the refan program. While we recognize that our airlines must be kept financially viable, so, too, they must recognize the health and environmental "costs" which aircraft noise imposes on airport neighbors, local communities and airport operators.

At the Senate Aviation Subcommittee hearings in May, the FAA testified that the cost of SAM retrofit could be financed by increasing airline fares by less than one per cent—or about 60 cents per ticket. Those who fly our Nation's airways would bear this nominal cost to assure that their journey will not cause unnecessary annoyance to people on the ground. To put such a cost into proportion, the surcharge for the SAM program would be about the cost of a pack of cigarettes purchased at LaGuardia Airport in New York; less than the cost of an in-flight cocktail. Some money could also be made available from the Airport and Airways Trust Fund, which should show a surplus by the end of Fiscal Year 1975.

Ironically, the airlines have spent more than the cost of retrofit to convert the interiors of their older, noisier aircraft to the new wide-body look, a cosmetic action which also extends the useful life of the planes.

4. Promulgation of proposed Rule 74-14 would not prevent or inhibit use of refan technology at such time as it becomes available.

As you stated and documented at the May 16 oversight hearing, "certainly refan could be applied to aircraft of future design as a potential [for noise relief] for such aircraft." We share your view that technological advances such as refan should be implemented for new aircraft at such time as they become available.

For these reasons, we urge immediate promulgation of proposed Rule 74-14. We are convinced, from the information available to date, that the SAM technology will bring meaningful relief to our noise-impacted communities, that the costs of aircraft modifications are proportionate to the benefits to be derived and that, since the SAM technology fulfills the statutory requirements specified in the Noise Control Act of 1972, FAA can do no less than to promulgate its final regulation without delay.

Sincerely,

VANCE HARTKE,
MARLOW W. COOK,
ROBERT T. STAFFORD,
JOHN V. TUNNEY,
PHILIP A. HART,
JAMES L. BUCKLEY,
*U.S. Senators.*

## INTERVIEW WITH AMBASSADOR MYRDAL

Mr. KENNEDY. Mr. President, one of the world's most distinguished arms control advocates, Alva Myrdal, recently discussed her 12 years of experience as a representative of Sweden to the United Nations Conference of the Committee on Disarmament at Geneva.

Ambassador Myrdal termed the 12 years generally a disappointment. She recalled that in 1962 there seemed to be hope of achieving a comprehensive nuclear test ban treaty—CTB. Yet that goal has eluded the committee's grasp. The technical arguments which have been raised as obstacles to the conclusion of

a CTB, Mrs. Myrdal argues, have been nationalistic ones in reality, based on national decisions to continue the development of new nuclear weapons rather than to seek an agreement to halt that development.

Mrs. Myrdal stated that the issue of verification as an obstacle to the conclusion of a CTB is in reality a smokescreen since we can monitor effectively virtually all tests. The question now is not one of verification technology, but one of political will.

Her comments on a threshold treaty are particularly noteworthy in the aftermath of the recent summit session. Ambassador Myrdal states:

It won't work. You can't control the size of the device being tested; you can only monitor the yield on the seismological scale. There is no definite correspondence between the two. It might differ by a factor of 10, depending on whether the device is put in granite or alluvium, or put in a big hole. Everybody knows you can't check on whether a low limit has been violated or not. It's just as easy to agree on a total test ban, and then use the seismological means and other kinds of intelligence reports to check on what is happening.

Meanwhile, as arms control is given only lip-service, the world powers go on adding to their stockpiles and improving the weapons year by year.

Now the qualitative arms race is the main destabilizing factor that frightens us.

Ambassador Myrdal argued that all nations would be the beneficiaries if the weapons research would cease, and if the resources mobilized for nuclear arms development were harnessed instead for the tasks of development.

But today, Mrs. Myrdal critically notes, many countries are engaged in major new weapons developments, and she cites with particular alarm, two new U.S. systems: lethal binary nerve gas weapons and tactical mininuclear weapons. The first represents a danger of blocking international agreement on preventing a chemical warfare weapons competition; the second presents the danger of blurring the distinction between conventional and nuclear weapons and making these smaller nuclear weapons more "acceptable" for use in an otherwise conventional conflict and thus more easily breeching the psychological inhibition to first using nuclear weapons.

Mr. President, 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:

INTERVIEW WITH ALVA MYRDAL—"IT'S THE QUALITATIVE ARMS RACE THAT FRIGHTENS US MOST"

The veteran disarmament advocate speaks of her enduring preoccupations: the diversion of arms research and development resources to peaceful purposes and the use of international legislation to outlaw cruel weapons.

I remember very well our interview in March, 1962, in Geneva. It was in your hotel suite and you were surrounded by a vast pile of books, all of which were on arms control, but I think you had every one.

I had to read up at that time when I was rather new to the subject.

Everybody was pretty new to the subject of arms control at that time. And I won't say that the spirit was very optimistic in March of 1962 at the opening of the 18-Nation Disarmament Committee. There was a Berlin crisis at the time. The Russians had broken the moratorium on testing. The United States had announced it was going to resume testing. We were only months away from the Cuban missile crisis. At the same time, the committee seemed to have a workmanlike attitude. The members seemed serious about the subject and there were some reasons to be optimistic. The United States and the Soviet Union seemed to be working together on this problem. We had the neutrals coming in. It was the first time that there had been a standing committee of such a kind. So there was a little bit of hope. And now it's almost a dozen years later, and you've been there all the time. I think you probably have spent more time in the committee than any other delegate. I wonder what you think has happened in this almost 12 years.

Well, it has been a great disappointment, generally speaking. In 1962 we were hopeful. We already had the McCloy-Zorin agreement on principles for disarmament, and we soon got the United States and the Soviet proposals for treaties to achieve general and complete disarmament, in stages. It seemed that we could start to work on a program of gradual disarmament. Then we were so full of eagerness to work that the nonaligned, who got together there for the first time as a group, produced within three weeks of the opening of the E.N.D.C. meeting a memorandum to achieve a comprehensive nuclear test ban. We didn't get it that first year but anyway we were certainly working on a number of proposals. Now we have seen the years come and go. We have learned more and more of the technical arguments pertaining to disarmament, but we have found that no arguments are needed, except purely nationalistic ones. The so-called "disarmament agreements" that we have obtained are either nonarmament agreements or mere cosmetic devices. They have been used to stall for time, and to make people believe that something is being achieved. So we have become deeply pessimistic—and I think I talk not only for myself but practically all the delegations who have participated in the negotiations.

We are pessimistic about achieving any real disarmament because we must blame the two superpowers who all the time, from that early day, have gone on not only piling up more arms but also improving the weapons they have. It's a quantitative armaments race and a qualitative armaments race. The quantitative armaments race has got beyond any reasonable limits, because the two superpowers have far more—particularly in nuclear arms—than they would ever need, either for defense or for deterrence. Now the qualitative arms race is the main destabilizing factor that frightens us. We have seen the superpowers make some bilateral agreements, which of course means also that the multilateral negotiations don't mean very much to them. I think keeping up the Geneva talks is a holding device for the two superpowers. SALT I meant that they are going to put some limit to the quantitative increase of strategic weapons systems, ABMs and ICBMs, i.e., missiles for defensive and offensive purposes. But the ceiling set is higher than the present level. As for the qualitative arms race, the increasing sophistication and kill effectiveness of weapons—so far we have seen nothing that will stop this competition. I have been concentrating this year on two issues in the disarmament field. One is how to stop the qualitative arms race. The other has to do with the uses of weapons, which I'll talk about later.

Could we briefly go over the eight items the agenda of the first committee? I assume these are the same items that are on the agenda of the C.C.D. [The C.C.D. is the Conference of the Committee on Disarmament, the successor to the E.N.D.C. referred to earlier.]

Yes, except the first one on the budget limitations, "Economic and Social Consequences of the Armaments Race and Its Extremely Harmful Effects on World Peace and Security." That has been dealt with a number of times largely outside of the C.C.D. by resolutions in the United Nations. There was one report on that subject, as early as 1962, which was quite important for the time. Then it was repeated in 1971 and 1972 we produced a report which is briefly called "Disarmament and Development," to try to find a link between military budget cuts and resources for development. That is a subject very dear to me. I was the chairman of this group in the U.N. I was an advocate particularly of arms control measures that would release R&D resources for development. However, I prefer to call them "arms regulation measures." I think that's a phrase in the Charter.

(This is a parenthesis, but "arms control" is an American phrase and it has too much of a connotation of controlling somebody else. The French word "control" is much more an accountant's term, meaning simply keeping track of something. I prefer the term "arms regulation.")

The link I want very much to see established is between specific arms regulation measures, like a test ban or prohibition of production of chemical weapons, and cutting down on the research and development for any kind of weapon. If we can stop or impede the R & D work, release the resources which are mobilized for these ultimately destructive purposes and turn them over to development tasks, the world would be so much better off.

That's where I see the importance of that first item. The Romanians will produce a draft resolution on this which should remain on the agenda of the General Assembly for years to come. We should have recurrent reports on what the military budgets set aside for work on new weapons, and new generations, which are really threatening to destabilize the situation.

For the last 10 or 12 years we seem to have been going more or less in the other direction. The military budgets increase, despite reports of the kind mentioned, and actually the amount of money for development, on a per capita basis at any rate, goes down.

True. In the case of the United States budget, if war costs are lowered, the military budget isn't cut. That expenditure then goes toward development of weapons. Some of these developments are fraught with tremendous dangers for the future, particularly in the field of binary chemical weapons, such as lethal nerve gas.

These are weapons that can't be detonated unless you put the two parts together? Separately, they are safe.

Yes. Two non-lethal components would be produced, loaded into a shell in separate containers, and only brought to a mix when the shell is fired. In this way, the moment of use coincides with the moment of production. Again, that means that technologically advanced nations will have an advantage. Also, there is potentially an element of surprise in these developments which could prove destabilizing. It is similar to the development of tactical mininukes in the nuclear field. Tactical nuclear weapons are miniaturized and perhaps might be deployed on the battlefield for what might normally be considered conventional warfare.

Tactical nuclear weapons have already been developed in Europe, haven't they?

Yes, but they are not under the command of the regional commanders. They are under U.S. supreme control as strategic weapons. The mininuke is the kind of weapon that might lead other countries to proliferate, to disregard their inhibitions against developing nuclear weapons, and say, well, if there are nuclear weapons so small that they compete with ordinary conventional weapons, why should they be the monopoly of just a few powers? I think it's a tremendously dangerous development, for these weapons are said by their proponents to be like conventional weapons, not only usable on the battlefield, but even preferable, since they offer cheaper firepower. The introduction of such mininuclear weapons would blur the present distinction between conventional and nuclear weapons.

Don't these mininukes require a very sophisticated technology? Isn't it much easier, actually, to make a bigger nuclear weapon?

Yes, it is technically more difficult to produce the new generation of small ones, but the difficulties can be overcome. And the moral inhibition against producing nuclear weapons might be very much decreased by the spread of mininukes, which are considered by some military advocates to be suitable for use in local wars and in the same category as conventional artillery. The less sophisticated countries would produce old-fashioned Hiroshima bombs perhaps, but that's dangerous enough.

What about the World Disarmament Conference? Is it to be taken seriously—or has it been made irrelevant by the opposition of the Chinese?

It is indeed to be considered seriously because we need some kind of breakthrough. We can't just continue with the C.C.D., in which nobody really believes, on one hand, and then have bilateral negotiations on the other. The World Disarmament Conference is needed. As to the Chinese, I call what they are saying not objection but reluctance to go along. We should take their position very seriously and invite them to compromise by saying that those conditions which the Chinese want to lay down for the holding of the World Disarmament Conference should be treated with highest priority on the agenda. But we should meet in order to consider these pledges called for by the Chinese of non-first-use of nuclear weapons, and never using them against nuclear-free countries. That's what the World Disarmament Conference should be about in the first instance, and then it should go on to other things. A decision in favor of the World Disarmament Conferece might come around in 1974. Putting the Chinese concerns at the top of the agenda must at least be welcomed by them as a good bit more than a face-saving device. And what of the Russians' offer when they say, "We have already promised, you know, never to use force." That's the kind of promise that is just rhetoric. It certainly is no pledge, as the Chinese want it to be.

What about general and complete disarmament? In '62, this was a question of major attention. You scarcely talk about it any more.

That's because all of us have agreed that we should talk about partial measures, or what you call arms control measures, rather than general and complete disarmament. In Swedish we are fortunate enough to have two words for disarmament; we have something called off-armament, which means down with arms, arms reduction, and then disarmament, meaning total, general and complete elimination of arms. I don't think this is the time to work on general and complete disarmament as a gradual reduction from the present level. I'd rather go back to the idea of the minimum deterrent, starting from an imagined zero. What is the minimum that we need in the final stage of the disarmament process? What do we need in the way of a United Nations police force, or something similar? Do we need a minimum deterrent of nuclear weapons? Thus we would decide on the end outcome rather than work down by stages. Going down by stages, you start with what you have, and nobody wants to give up what they have. I suggest that you begin by agreeing on where you will end up.

The end outcome being that the major nuclear powers would still have their individual separate deterrents?

That is what they defend and what we have more or less agreed to for the third stage after the Gromyko proposal of an "umbrella" of around 1965. It will take a lot of work before we can sit down to negotiate on real general and complete disarmament.

What about napalm?

I have two major preoccupations: one is cutting down on research and development, limitation of the qualitative arms race, and the second is using international legislation to prohibit the use of napalm and other cruel weapons. There will be a diplomatic conference of government representatives called by the Swiss government, reaffirming and modernizing the Geneva protocols of 1949, and it will take up area bombing and a number of prohibitions to protect civilian populations. We want to have added to it the subject of prohibition of use of napalm and other specific weapons, such as high-velocity weapons. Sweden has submitted a resolution on this to the U.N. and it was voted on favorably.

Isn't there a treaty agreed upon on bacteriological weapons?

Yes, it's pending, but the effort to ban chemical weapons is at an impasse. There is a draft treaty of the socialist countries which, in principle, prohibits the production and testing of all chemical weapons and calls for destroying the stocks. But what seems to be discussed most now is the Japanese compromise proposal to prohibit only the production of lethal nerve gases, and the crucial question then is whether that should be coupled with the destruction of stocks. If it isn't, if you just prohibit new production of such chemical weapons but let the countries that have them keep their stockpiles, it's a highly discriminatory move. We, the smaller countries, have to fight against such moves all the time. It is like the Non-Proliferation Treaty. Those who have the deadly weapons can retain them and those who haven't got them are supposed never to have any. That's an abnormal position in this world. The same laws don't apply to big powers as to small powers, and that's absolutely wrong. I am perhaps the most outspoken protagonist of the interest of small countries, in particular the nonaligned. Those who belong to alliances keep silent most of the time.

It would seem that you and Alfonso Garcia Robles of Mexico are the two who press most for disarmament.

Yes, Mexico, Sweden, Yugoslavia do so very much in the C.C.D. Canada is usually very good. Romania is good. Of the smaller countries that are not technologically so advanced and cannot produce much in the way of elaborated proposals of their own, we have some very good delegations from Morocco and Ethiopia. While India used to be the leading delegation, it is not so now.

Perhaps the problem with India is that it depends on the Soviet Union.

No. India wants to please both superpowers so that it will not have a direct dependence on either. India finds itself in a delicate position, and doesn't want to antagonize anybody. Somebody has to be courageous enough to take the big powers on.

That leads logically to the question of nuclear testing. There seems to be a total impasse on that. The arguments today are still the same as they were in '62.

Yes. And the argument about the need for verification is more and more an empty one, because we can, not only theoretically but in practice, monitor all important tests. Then there will be a residual of smaller tests, which we might never be able to detect and identify conclusively with seismological means. We can, however, rely a great deal upon satellite observation, which gives indirect evidence, indications that some human activity is going on in some places where they might be testing, but one can't prove or give final evidence of a nuclear test. I do think we are at a stage where the verification issue could be handled, and the question now is one of political will and political trust. This ties in with SALT II—there is a chance! Incidentally, Sweden has produced the only draft treaty on the comprehensive test ban that there is. It calls for the immediate decision to conclude an agreement not to test. But additional protocols give a leeway in time for concluding ongoing test series. The period might be 18 months. So it's not necessary that the decision to conclude a test ban coincide in time with the stopping of tests. The main thing is to agree on stopping them. The date is not the most important thing.

What about solving the verification problem by means of a threshold treaty which would ban all tests except the small ones that conceivably could not be verified without on-site inspection?

It won't work. You can't control the size of the device being tested; you can only monitor the yield on the seismological scale. There is no definite correspondence between the two. It might differ by a factor of 10. depending on whether the device is put in granite or alluvium, or put in a big hole.

Everybody knows you can't check on whether a low limit has been violated or not. It's just as easy to agree on a total test ban, and then use the seismological means and satellite observation and other kinds of intelligence reports to check on what is happening. I do think that when nations, particularly major nations, subscribe to a test ban they intend to keep their pledges. I don't think they would agree to a test ban in order to cheat. So once nations were not allowed to test, the climate would change. The climate would be one of greater trust.

Is the C.C.D. concerned with regional problems?

No. The Latin American Denuclearization Treaty is a model, and because now four of the five nuclear powers have signed the protocol that they are not going to attack the nuclear-free zone in Latin America, I think it's very important as a model, but that is all. The Indian Ocean as a zone of peace is interesting, but it's for the regional countries to decide on it, with a concurrence of the other seafaring nations. It is the same with the European Security Conference—Sweden deals with European problems in that forum and tries not to mix them into negotiations in the C.C.D.

What do you think is going to happen with C.C.D.? What kind of forum for negotiation is there going to be on a global basis? I think that C.C.D. has already continued in its present form longer than most of us ever thought it would. We assumed that when China came into the U.N. the Chinese would enter some disarmament negotiating forum and that perhaps France would then come in also. Where are we now?

We need the World Disarmament Conference in order to involve China and France and the two Germanies, which are new U.N. members that ought to come into a larger discussion and not into the present C.C.D. where each would be just an ally of one bloc. We need a meeting of the U.N. Disarmament Commission, which consists of all the members of the U.N., in order to deal with the problems of machinery, not only an actual program of disarmament, although that is

the most important thing. The C.C.D. was bound to prove ineffective because it has the wrong construction. It's not quite a U.N. body, which is wrong, although it gets its money from the U.N. The cochairmanship of the U.S. and the U.S.S.R. is the symbol of what is wrong. It's also an absolute obstacle preventing the entry of China or France. Why should they sit under the tutelage of these two superpowers? We should get a new negotiating body of not more than 30 or so members, but with China and France and the Germanies included. The chairmanship should be changed, either by rotating or electing a chairman for a certain period. But there should be no superpower constellation as there is now.

What are the relationships and what do you think could be the relationships between the C.C.D. (or whatever body succeeds it) and the SALT talks, the European Security Conference, and Mutual and Balanced Forces Reduction talks in Europe? There are at least four different negotiation processes under way, and it seems to me that the relationships are a little confused between them, particularly between SALT and the C.C.D.

It's perfectly legitimate that the two superpowers have negotiations between them. It would also be legitimate if the five nuclear weapon powers got together, as has been proposed. It's also quite legitimate that different regions have conferences in which disarmament problems are integrated. But there should be much more reporting from them to the C.C.D. The C.C.D., or its successor, should serve as a repository for the documentation of what's hapepning in the other negotiations. The multilateral negotiations in the C.C.D. should not interfere with the others but it should get frequent reports on what is happening outside, and maybe discuss how it all fits into a global pattern. So some links should be established in the long run.

During SALT I, C.C.D. had no form of liaison, no input from SALT, even though the two cochairmen represent the SALT powers.

Yes, one of the C.C.D. cochairmen was the same man who headed the American delegation to SALT at that time, Gerald Smith. Now the two jobs are separate. During the SALT negotiations, C.C.D. was neglected by the two superpowers. They didn't care very much about what the rest of us discussed. This was mirrored even in the press. It's very curious: in Geneva it's the spokesmen for the major delegations that meet the press, and they give their interpretations as to what is happening in our meetings. It then becomes very difficult for us to have any access to the media.

Tell me more about your thoughts on limiting qualitative improvements in armaments. Of course, this get directly into SALT. It strikes me that there is a real dilemma. We all knew it was going to come when the U.S. proceeded to build the MIRV [multiple independently-targeted reentry vehicle]. The Americans have not got MIRV technology very far advanced—in fact, deployed. And the Russians seem to have made enough progress so that they could begin to deploy the MIRV to some extent even without further testing. So it's already done. I can't conceive of how you are going to put a limit in SALT II on MIRV without on-site inspection. The Americans certainly can MIRV all their weapons, and the only way to determine that they aren't doing that would be to get into the silo or into the submarine with a screwdriver and take the warhead apart. If this is so, what hope is there in SALT II to limit this activity?

I think the Americans must have faced that when they started MIRVing and also went into SALT—that they should expect the Russians to do the same, and that that would mean we are up in the sky again with weapons development. I can't see how they could achieve an agreement to stop. Either they have to take each other's word, or they will have to figure that practically everything is MIRVed. Then if they come to their senses, they will know that they have too much and will cut down on missiles and launching pads, which will eliminate some.

As an idealist, I have another solution in mind: that we should have less and less secrecy and really reveal everything about these systems. Perhaps that would be, after all, the best deterrent. Each country should know what the other ones have and what they are doing. I believe in the divulgence of secrets, even for future development—in the scientific field and everywhere else. But this is a solution of a much more rational kind than what one sees in the practical political negotiations at this stage.

One thing they talk about in SALT II is banning the tests of MIRV, but at this point that seems like locking the barn after the horse is gone, especially in the case of the United States. SALT I makes a certain amount of sense because it can be verified by unilateral means, but I don't see what they are going to talk about in SALT II.

SALT II probably will achieve little, if anything. If any kind of limitations are going to develop, they likely will have to be unilateral and informal. The two superpowers will just have to come to the realization that they've got so much that they can unilaterally just stop. I don't see any sign that they are going to do that. In fact, the U.S. Congress now seems to be going just a little bit crazy. They are going to build the B-1 (a new round of bombers), they are going to build the Trident, (a new generation submarine), they are going to build aircraft carriers, they are going to build a new fighter, they are going to build, as near as I can see, every kind of new weapon that's been conceived. They haven't killed a single one.

"Technological imperative" is a phrase that has been used to describe a kind of inherent force. You just go on because you have started, and no rational arguments are allowed to change this movement forward. One argument is made that the only reason for building these new weapons is economic, to avoid unemployment. What they should have done long ago is to plan for conversion. Whenever countries plan new production of weapons or even when they plan purchases, they should consider their alternatives, what they could do with the money otherwise. In Sweden we have spent considerable sums on studies of how we could use certain facilities and experts if we discontinued particularly the production of our hypermodern supersonic Viggen. People should be able to see what they could gain in the long run from a conversion to production for peaceful purposes. That was a proposal made in "Disarmament and Development."

What would you like to see happen in SALT II, if they would let you write the agreement?

There must be a cessation of development of the so-called improvements, of new generations of weapons of mass destruction, both nuclear and chemical. I can't give any solution to the verification problems, but strongly believe in greater openness.

It would be very difficult to get them to agree on openness, particularly in sensitive areas like antisubmarine warfare.

I hope that the current Law of the Sea Conference will propose at least some prohibitions on using ocean space for military purposes in order to promote its peaceful uses. Military and national interests must cede the primacy to civilian and international ones.

As far as I know, the only military aspect in the ocean space talks so far has been on transit right questions, like Gibraltar. For example, Spain has suggested that nuclear submarines should be required to surface there because they would be going through Spanish territorial waters.

Let me move to a broader approach. I came into the peace movement as a world federalist many years ago. I've always felt that political organization was necessary in order to have disarmament, and that the Russian notion of "let's just disarm" made no sense at all. I remember a long discussion I had with Philip Noel-Baker. We got to the point where we would be referring to his half of the problem and my half of the problem, his half being disarmament and my half being some form of global political organization.

I'm like Noel-Baker. I haven't been too much preoccupied with world political organization. Functional cooperation will first have to be established, yielding national sovereignty gradually.

The U.S.-Canadian border, for example, is disarmed because we have political agreement. The Middle East, on the other hand, is stacked with arms in all corners because there is no political agreement. In every area where there is not agreement on borders, such as Korea and Vietnam, the political entities are loaded with arms. Germany over the last 20 years, because of political agreements on borders, has become an area of less tension and less danger. We haven't achieved disarmament in Europe, but because of political developments we've made the world safer there.

In Europe, we have an armaments build-up by the two superpowers, not very "European" in origin. The political tension between them of today seems to me to be very much an artificial product. It's engendered by a kind of propaganda that is intruding into everything. In the books you reminded me that I was reading—largely American—even when wonderful people like Herbert York write about these things, the scene on which it is projected is all We and They. As long as you talk in these terms, this tension is going to be kept up. If we could discuss our problems in terms of interests and understanding, of people-to-people contacts, we would be way ahead. This tension is not necessary, it's not inherent in human nature. I don't believe in the theory that people are inevitably aggressive, and must have enemies. This theory is a historical tradition, and nobody is daring to challenge it. Before I would be interested in the world federalist approach, how to construct a world political order, I would have to go from disarmament to political psychology, this generating of tension and how it comes about. That's a middle ground where sufficient work has not been done.

People are still thinking in terms of the zero sum game in which somebody wins and somebody loses, where a point for your side is in effect a loss for the other. They are not thinking in terms of the nonzero sum game, where both sides can win, or both lose. The world is to most an adversary or zero sum game world—and of course there is more than one adversary. But more and more, I think the world has become a nonzero sum game, and by cooperation all sides can win, and by noncooperation all sides can lose.

I think that's the most succinct way of putting it. The build-up of armaments has resulted only in increased insecurity. It has reduced security even for the two major powers. It's against all reason.

I'm resigning from the Swedish government and I'm going out to Santa Barbara to write a book called The Game of Disarmament, which I hope to have published by 1975 when the signatories of the Non-Proliferation Treaty must meet to review the world situation in light of developments since its completion in 1970. But I would have liked to write something much more philosophical and ambitious, which would be about the whole political and psychological constellation of the arms race and the reign of unreason.

## AMERICA'S URGE FOR SELF-DESTRUCTION

Mr. GOLDWATER. Mr. President, about the same time that Columnist Joseph Alsop was warning about the excesses of the press treatment of Secretary of State Henry A. Kissinger, a similar column was published by Erich Gysling in the internationally noted Swiss newspaper, Die Weltwoche.

Mr. Alsop's column of June 14 said:

If the U.S. dollar—your dollar and my dollar—loses a lot of its value on the world markets; and if American foreign policy also joins American economic policy on the dungheap of disorder, you can thank your friendly media.

In his column of June 19, Mr. Gysling observed:

That the nation's capital is caught in a drama of self-destruction.

Since Secretary of State Kissinger has become a target of the media critics, he added:

America is running the risk of destroying the results of a very successful foreign policy.

Mr. President, it is interesting to discover that two able commentators an ocean apart can reach the same conclusion relative to the dangerous ramifications of the competition among the media to outdo each other in new accusations against officials of the Nixon administration, who are being judged by different and higher standards than those that prevailed in other times.

Mr. President, as I placed Mr. Alsop's entire column in the CONGRESSIONAL RECORD of June 20, I now ask unanimous consent to print in the RECORD the full text of Mr. Gysling's commentary.

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

AMERICA'S URGE FOR SELF-DESTRUCTION

(By Erich Gysling for "Die Weltwoche," June 19, 1974)

A visitor to Washington discovers within a very few days with frightful clarity that the Nation's Capital is caught in a drama of self-destruction. He asks himself and his American contacts again and again just how much wantonness is behind this urge for destruction.

Watergate as American tragedy—the analogy forces itself on, since Secretary of State Henry Kissinger has become a target of the critics. Just a few days before his "Salzburg" news conference, the opinion-building press still heaped him with laurels; the New York Times which commented quite skeptically about the peace negotiation settlement at the time, now writes that Dr. Kissinger has proved himself worthy in retrospect as a recipient of the Nobel Peace Prize.

His successful negotiations in the Middle East cleared away all doubts. That is how it appeared until the "Hydra" named Watergate approach the just recent celebrity.

There is little doubt that Henry Kissinger will win the fight to preserve his good name before the Senate Foreign Relations Committee. Legal matters in connection with telephone wiretapping will be dealt with and Kissinger's statements should prove more believable than appeals by the critics with reference to memos of the late FBI Chief, Edgar Hoover.

What may remain as a stain in the minds of the people will be Kissinger's shared responsibility for the bombing of Cambodia in 1969. An American Secretary of State who plays politics in the spirit of Metternich or Bismarck: such accusations are starting to appear in the American press and are being mixed with outside fringe matter of the Watergate affair.

How true and significant are these accusations? America likes to sun itself in the worldwide success of its Secretary of State. It gratefully acknowledges the fact that the United States has won the upper hand in its diplomatic strife with the Soviet Union. But the public finds it hard to understand that world policy requires a certain amount of toughness to be successful and a relatively great deal of secrecy. The average American has become extremely sensitive to such an extent, through the branching out of the Watergate affair, that he demands the revealing of political decisionmaking processes in the smallest detail. Definitely no more secret dealings which have been hatched behind closed doors. Now the motto is: Back to the idealistically colored purity of the American political system in its early days.

The people in rural areas, far away from the opinion-building centers of the East Coast still believe in the realization of this ideal. The recent Nixon supporters stand now in the front row in the process of the big clean-up. Small and medium-sized newspapers which supported Nixon in 1968 as well as 1972 are now asking for his resignation or impeachment. It is no mere chance that the publisher of a Middle West newspaper dealt with Henry Kissinger in a very rough way: on this level, according to a widespread conviction, the proof of independence has to be established; after the "great" press of Washington and New York has taken the lead.

In the face of this late process, the observer is left with a bad feeling. The Watergate affair itself can at the moment offer but very little new ammunition. Meanwhile hundreds of opinion-makers have been engaged by their publishers in the tasks of finding new facts—and since competition among the media is conditional to a journalist's success, the seekers will have to work themselves deeper and deeper into the far reaching and delicate nuances of this national tragedy. It is no longer just the well-known newspapers which employ whole teams of reporters on the subject of Watergate; the "St. Louis Post Dispatch" for instance has had 4 out of 7 correspondents stationed in Washington working exclusively on the Watergate affair since over a year. And if this may sound cynical: this specializing consisting of a permanent commission, naturally had to lead to always new discoveries which did not in each case stand in sensible relation to the importance of the news.

America is running the risk of destroying the results of a very successful foreign policy. Should Henry Kissinger be forced to resign (regardless of whether or not this resignation was brought about by hurt pride of the star politician or actual accusations), it would mean for the United States the development of drama into tragedy. The opinion-makers recognized this shortly after the start of the conflicts with Kissinger. Have they, however, reacted with the necessary speed, to avert this fate? Today they are all facing the open question, how the wheels of the investigative machinery can be stopped, how its critical probing can be brought back to a reasonable balance. The urge for self-destruction in the name of a "higher moralism" seems to keep an upperhand for the time being.

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## MIDWEST GOVERNOR'S CONFERENCE ADDRESSES FOOD CRISIS

Mr. HUMPHREY. Mr. President, yesterday I had the opportunity of serving as moderator of a Midwestern Governor's Conference panel discussion on the current food crisis.

It was a very distinguished panel, including Representative PAUL FINDLEY; David Hume, Administrator of Foreign Agricultural Service, USDA; Lester Brown, Oversea Development Council; Norman Borlaug, Rockefeller Foundation; Tony Dechant, president, National Farmers Union; and Oren Lee Staley, president, National Farmers Organization.

The New York Times reported on the conference on July 31 in an article, "Governors Told of a Food Crisis." Lester Brown was quoted as saying:

You political leaders must decide now whether to cut Africa and Asia loose and let them starve or to take the lead in urging the American people to turn down their thermostats, eliminate that extra drive to the supermarket, and give up meat at least once a week.

The Nobel Prize winning geneticist, Norman Borlaug, stated:

I'm depressed not because the world doesn't have the capacity to produce more food, but because we have found ourselves almost devoid of reserves. We're in the ridiculous situation where fertilizer supplies are diminishing, 76 million more persons are being born every year, and we are unable to get the producing countries together to build back our grain stand-bys.

This conference has made a great contribution in alerting the Nation to problems of the food crisis. Our Government must provide leadership to respond to this crisis and particularly to deal with the reserve issue.

Mr. President, 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:

GOVERNORS TOLD OF A FOOD CRISIS

(By Seth S. King)

MINNEAPOLIS, July 30.—Governors of the nation's richest farm states were warned today that, in the near future, politicians would have to decide either to let people in Africa and Asia starve or persuade Americans to reduce their consumption of energy and give up meat at least once a week.

The Midwestern Governors Conference heard a panel of world food experts urge its members to join in an effort to increase world grain reserves.

This could be done, the experts said, only by a check on the world's population, which is threatening the supply of petroleum-based nitrate fertilizers.

Lester R. Brown, a specialist on world food production for the privately financed Overseas Development Council, warned that world grain reserves were down to the lowest point since World War II at a time when drought had already destroyed crops in parts of Africa and India and was threatening to reduce corn and soybean yields in the Governors' home states.

STOCKPILES DOWN

These reserves are now less than 27 days of worldwide consumption; in past years, stockpiles were equivalent to 95 days, he said. In addition, there now is virtually no chance of appreciable surpluses from this year's crops in America.

"Farmers can no longer determine a sufficient food policy by deciding what and how much they plant, even if the weather is perfect," Mr. Brown said. He added:

"Population must be braked and the world's supply of fertilizer must be increased,

right now. Most of the world is already under the plow. Most easily acquired irrigation has already been developed. Now our supply of energy from petroleum is becoming more uncertain."

Mr. Brown contended that there was a "leadership vacuum" in educating and persuading the American people to conserve gasoline and heating oil and helping them understand the escalating population-food crisis in the world.

"MUST DECIDE NOW"

"You political leaders must decide now whether to cut Africa and Asia loose and let them starve or to take the lead in urging the American people to turn down their thermostats, eliminate that extra drive to the supermarket, and give up meat at least once a week," Mr. Brown said.

Dr. Norman Borlaug, the Nobel Prize-winning plant geneticist who developed high-yielding wheat strains, said the recent "green revolution" of greatly increased rice and wheat yields in Asia was stalling because of a shortage of petroleum-based fertilizers.

"I'm depressed not because the world doesn't have the capacity to produce more food, but because we have found ourselves almost devoid of reserves," he said. "We're in the ridiculous situation where fertilizer supplies are diminishing, 76 million more persons are being born every year and we are unable to get the producing countries together to build back our grain stand-bys."

POPULATION REMINDER

Dr. Borlaug reminded the Governors that since their conference began here yesterday, 216,000 more persons had been born. "In fact," he concluded, "1,800 more have arrived while I've been talking to you this morning."

The Governors have a politically sensitive resolution by Gov. Patrick Lucey of Wisconsin before them that calls for a national grain reserve.

Many farmers and farm-area politicians fear this would result in getting the Government back into the grain business and creating a grain stockpile that would depress the market.

Senator Hubert Humphrey, today's panel moderator, who is sponsoring legislation establishing a Federal grain reserve insisted that his bill would isolate these stockpile supplies from the market and insure farmers a cost-of-production differential to protect their prices.

But the Minnesota Democrat conceded that it was difficult to promote interest in a stockpile when drought was reducing corn-belt yields and demand for this year's crops was already so great that most of what is grown will be bought immediately.

## TRIBUTE TO ELMER SCHWARZ, OF OHIO

Mr. METZENBAUM. Mr. President, today I wish to share with my colleagues a ceremony of award held in Hamilton County, Ohio, last week, 30 years after the acts of heroism which inspired the award. Elmer C. Schwarz received the Croix de Guerre from the Government of France for his bravery in the heavy fighting to hold back the German offensive in the Ardennes in World War II.

Elmer Schwarz is my old and good friend. In the many years I have known him he has never mentioned to me his part in the battles of the Ardennes, Normandy, the Rhineland, and central Europe. Three hundred members of his battalion were lost in the Ardennes. I only learned of Elmer's courage from an article in the Cincinnati Post the other day, reporting that he had received France's highest military honor at last.

At the ceremony Elmer said he was happy to accept the award for his comrades who died. We are all indebted to them and to Elmer Schwarz for their bravery, and I am personally honored by his long-time friendship. I ask unanimous consent that the text of the newspaper article be printed in the RECORD.

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

CINCINNATIAN GIVEN MEDAL FOR HEROISM—30 YEARS LATE

(By Barbara Silver)

A battle of World War II came alive again yesterday when Elmer C. Schwarz received the top French award, the Croix DeGuerre Medal, for his heroic service, a presentation that was 30 years late.

Schwarz, 60, was part of the 44th Combat Engineer Battalion that fought one of the battles leading up to the Battle of the Bulge.

No one present at yesterday's ceremony seemed to know exactly why the award presentation was delayed by 30 years. Letters to the French embassy finally got the award to Cincinnati, Schwarz, a lifetime Cincinnati resident, explained.

The award originally was authorized by the French government at the time of the battle and again last May, but Schwarz never received the medal of honor and certificate until yesterday in the ceremony held at Hamilton County Common Pleas Court.

Schwarz, of 7408 Miami Avenue, Madeira, said his battalion knew about the award, "but when I came home in September '45, the big thing then was just to be home."

Common Pleas Judge John W. Keefe presented Schwarz with the framed certificate, which read, "During the violent German offensive of the Ardennes, it (his battalion) attacked and occupied the key position of Wiltz, Luxembourg . . . despite heavy losses and repeated enemy attacks, thus turning aside the first German elements from the road leading to their objective of Bastogne."

Keefe, commending Schwarz, said, "I've always found that the historical development around Bastogne to be the most interesting and exciting events in all of World War II."

After pinning the Croix DeGuerre Medal on Schwarz, Common Pleas Judge Lyle W. Castle saluted him. He said of the presentation, "It's one of the unique privileges that sometimes come to men who have shared in the travail of war and have come to respect one another in peacetime endeavors."

Schwarz, with a tear running down his cheek, said, "I feel honored, and now I can take the citation back to the rest of the battalion." He added that he was sorry for the "300 men that didn't come back, and I'll be happy to accept it in their behalf." Later, he said, "I'm lucky I'm here."

At the annual battalion reunion on Aug. 9, Schwarz will present certificates to the men who fought with him.

Schwarz, who is a business agent for local Union #44 Ironworkers, served four years in the U.S. Army. He fought in Normandy, Northern France, Germany, Ardennes, Rhineland and Central Europe. He was wounded about two months after the Wiltz occupation while crossing the Rhine River, he said.

His wife, Corrine, after watching her husband receive the awards, said, "I'm very proud of him; of course I always am."

## OPPOSITION TO EMERGENCY PETROLEUM ALLOCATION ACT

Mr. BROCK. Mr. President, today I would like to share with my colleagues a statement made by Mr. R. H. Deer before the Senate Interior and Insular Affairs Committee. Mr. Deer is executive vice president of Bonded Oil Co., an independent, private brand marketer, and yesterday he testified against extension of the Emergency Petroleum Allocation Act.

Mr. Deer came to Washington to testify, and said:

To correct the widely held impression that *all* independent marketers, be they major brand or private brand, favor the continuation of existing allocation controls. We are opposed to the further continuation of price and allocation controls and there are many others of like disposition in the country.

Mr. President, so often we hear testimony from individuals or interest groups who are seeking some type of Government assistance, either through tax preferences, guaranteed loans or some other means. It is refreshing to read the testimony of one who only wants the Government to leave him alone and to stay out of his business. Mr. Deer does not want the Government to protect his company. Rather, he says:

Its survival should be based only on its ability to manage its own investment and run its own affairs.

I urge my colleagues to pay special attention to Mr. Deer's testimony as they consider the wisdom of extending the Emergency Petroleum Allocation Act, and I ask unanimous consent that Mr. Deer's testimony be printed in the RECORD.

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

STATEMENT BEFORE THE SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE BY R. H. DEER

Mr. Chairman, and Members of the Committee, I am Randolph H. Deer, Executive Vice President of Bonded Oil Company, Springfield, Ohio. Our company has been in the private brand marketing of gasoline since its founding by my father in 1932. Bonded is still 100% family owned and managed by members of the family. The growth of the company has been slow and deliberate and today we operate 208 service stations in the four states of Ohio, Indiana, Kentucky, and West Virginia; and we employ approximately 900 men and women. We have always chosen to purchase our gasolines on long-term supply contracts and have been buying from our present supplier, Marathon Oil Company (defined in the Allocation Act as refiner-reseller) since 1959. Bonded is defined in the Act as a wholesale-buyer. We and our contract suppliers have always abided by and have enjoyed the mutually negotiated terms and conditions of our contracts until the force majeure provision of the Allocation Act prevented this. We elected to purchase on supply contracts in order to guarantee the highest consistent quality of products for our customers and in order to have the security of adequate supply during the steady forty-two year growth of our company even though we knew that we could have purchased product at a lesser cost on a spot market basis, at most times.

Bonded Oil has been a member of the National Oil Jobbers Council almost since its inception and the president of our company has been a national officer at NOJC and is still active in national NOJC committee affairs. Bonded Oil was a charter member of the Society of Independent Gasoline Marketers of America; and I have served both as president of SIGMA and chairman of its leg-

islative Committee. We are still members and active in both marketing trade associations; however, we feel that as a company, because of the importance of this singular issue, it is now necessary to express our own corporate views and correct the widely held impression that *all* independent marketers, be they major brand or private brand, favor the continuation of existing allocation controls. We are opposed to the further continuation of price and allocation controls and there are many others of like disposition in the country who will not be heard from today.

The private brand marketers have grown and prospered since the early 1930's basically because of surplus refinery capacity of the major integrated and independent refiners. This method of selling gasoline developed into a segment of the industry and as a method of distribution of gasoline as independent private brand marketing companies bought large volumes at discounted prices and then sold at retail to the consumer at a lesser price than major brand competition. They profited only because they were capable of "managing their margins". Because of their lower prices they built customer growth and acceptance. They succeeded because they had the initiative and freedom to accomplish their goals. They have been the innovators in the petroleum marketing business and, as late as 1972–73, reportedly accounted for 20–25% of all gasoline sold in the United States.

The private brand marketers obtained gasoline from three basic sources. One historically purchased large volumes of low cost gasoline on the spot market. Others historically relied on long term contractual relations with major oil companies or individual refiners. Some relied on low cost refined product, imported from Canada, Europe and the Caribbean.

The Allocation Act of November 27, 1973 was enacted in part because of an extreme temporary national shortage of oil and Congress felt allocation was necessary in order to minimize the adverse impact of the petroleum shortage during the time of the crisis. May I please carefully cite three provisions of the Act:

"To the maximum extent practicable, (it) shall provide for—

"(D) preservation of an economically sound and competitive petroleum industry; including the priority needs to restore and foster competition in the producing, refining, distribution, marketing, and petrochemical sectors of such industry, and to preserve the competitive viability of independent refiners, small refiners, non-branded independent marketers, and branded independent marketers;

"(H) economic efficiency; and

"(I) minimization of economic distortion, inflexibility, and unnecessary interference with market mechanisms."

Bonded Oil believes that Congress, while trying to protect the American consumer, was also trying to protect the concept of the individual private brand marketer as a class marketer, but not necessarily guaranteeing the continued existence of each individual enterprise of company whether economically feasible or not.

What is the situation today for the private brand marketer six months after Allocation went into effect on January 15, 1974?

(1) The original problem which gave rise to the program—shortages of crude oil and refined products—has now largely disappeared. Primarily because of higher prices and reduced demand and because of the lifting of the Arab oil embargo, there are ample supplies of crude oil and refined products.

(2) Significant price disparities exist in the market place, basically due to the two-tiered crude pricing system. Because of the crude buy-sell regulations of the Act, if our supplier does elect to replace his domestically sold low valued crude (required by regulation) with high priced foreign crude or refined product, then his and therefore our cost goes up. If our supplier chooses not to replace his domestically sold low cost crude with foreign crude or refined product, then we don't have as much product to sell. Either way, an economic crunch exists for Bonded and like independent marketers. Both conditions existed at various times during the first six months of this programs' operation.

(3) We question whether the petroleum allocation program as mandated by Congress and drafted by the Administration is the best solution to the problems of the independents. This program has placed impossible administrative burdens on the oil industry and, particularly, on the smaller companies which the Emergency Petroleum Allocation Act of 1973 was supposed to help. It has substituted inefficient and cumbersome decision making by federal and state bureaucracies for a reasonably well-working market place. It has involved government intrusion in the oil industry far beyond that necessary to assure the basic objective of the Act—to preserve the historic market shares of the independent segments of the oil industry. May I give an example which demonstrates the confusion created by the Act's definition of "independent". In Ohio, where Bonded has its principal operation, the major branded marketer that enjoys 25% of the retail market and is the largest retailer is defined as an *independent*-refiner because "they produce less than 30% of the crude oil needed for their refinery thruput, "even though they do not retail as a private brander." We thought they should be classified as a major.

(4) Our right to operate and manage our own business has been taken from us, and judgements and decisions which we made for forty-two years are now being made by men new to the petroleum industry, without knowledge of the industry, and without ownership or employment of the firms they are controlling. We must notify the FEA and receive permission to close a station. We must request from the FEA permission to open and operate a new station. There are innumerable forms, and reports, and requests for permission to be filed with the FEA which in most cases have been handled with great delay. This is a sad reflection today of the American free enterprise system. Just one year ago we had the freedom to manage our own business, even in the face of the shortages, as we saw fit. Today that freedom has been removed and at these hearings we are being asked to continue our loss of freedom. You are asking us to agree to the continued denial of our right to manage our own affairs.

(5) In addition, the government has created arbitrary state by state controls over distribution of products which did not exist prior to the passage of the law.

(6) Specifically, we understood the Allocation Act was supposed to help the private brand marketer. By regulations, it took Bonded from a 17 million gallon month in January, 1974 to a 12 million gallon month in February and forced us to curtail the operation of our stations to a mere eighteen hours a week. This caused undue hardship on our employees as well as on our customers. In order to maintain an organization, we had to guarantee and pay our employees a fifty hour week. By contrast, before the shortage we had operated 24 hours a day, seven days a week.

(7) Even though the supply of petroleum products is much better today, we as a company are still not able to adequately respond individually and return to a normal operation because of the specific articles of the regulations. Bonded's ability to sell products depends on how we are defined and how our supplier is defined—not how well we operate. Is there any reason to believe that these adverse conditions will improve because of extension of this Act? We still will not be able to take care of our customers in the most satisfactory way possible, and we cannot provide the total competitive impact on pricing in the market place that we did at one time. We believe the consumer is paying a higher price for gasoline because the Act has triggered a de facto elimination of price competition. The allocation program has in fact guaranteed a profit to the retailer no matter how inefficient he may be. It has eliminated competition and limited the entrance of others into the petroleum business. We don't believe this is what Congress intended.

Bonded Oil Company is opposed to an extension of the Allocation Program. Why should our industry be further regulated when supply adequacy has returned to the market place? Bonded Oil Company is opposed to the continuation of an FEA bureaucracy, not only because of its direct taxpayer cost, but also because we fear it could easily extend its controls over the entire petroleum business in effect converting oil companies into utilities. Incidentally I understand that the Office of Management and Budget has had a request of between 3,100 and 4,000 employees for the FEA. Why should the American consumer, because of regulations passed during a period of short supply, now be faced with higher prices, lack of competition and lack of convenient hours because of the continuation of these regulations? Why should the American consumer guarantee profits to all levels of marketers because their inefficiencies and operations are protected by government regulations? (We believe Bonded Oil Company and all others who choose to market gasoline should have the right to manage their own business as a free enterprise.)

We do recognize that in the case of national emergency some form of standby authority for the allocation of petroleum products is needed. Rather than again develop rules during an emotionally tense situation, as was done during the Allocation Act of 1973, we believe that such standby rules could be developed by the FEA during the remainder of the phase-out period from the current regulations. These standby rules should consider various geographical problems of supply in our country and guarantee the market share of different classes of supplier and marketers in our country. We believe that all major refiners should participate in supplying market shares during shortages and not just the few who have been doing their job of promoting a competitive market place by supplying the private brand marketers.

In conclusion, it is obvious to Bonded's management and employees that in the short term decontrol, which we advocate, could cost Bonded Oil profits and return on investment because it would return it to a competitive market place. In the long term we feel that the Bonded Oil Company should have no more right to survival than any other business. Its survival should be based only on its ability to manage its own investment and run its own affairs and not because it is regulated or protected by an agency of the United States Government.

Thank you for allowing me to appear before you today and express the opinions of the company I represent.

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## CUTTING THE GOVERNMENT PAPERWORK BURDEN

Mr McINTYRE. Mr. President, I am worried about recent rumors that the administration is considering reversing the favorable position it took on my bill, S. 2445, to cut the onerous paperwork which our Nation's small businessmen

face, after it passed the Senate July 16 as a Finance Committee amendment to H.R. 6642. This shift in position is very discouraging to millions of small business men across the United States and I must caution the administration not to change its position without carefully considering its impact on this important sector of our economy.

The bill, now in conference, is intended to reduce, by a small fraction, the staggering burden placed on small business by Federal paperwork requirements. It would eliminate the most onerous of all Federal forms—IRS form 941—by changing the present quarterly system of social security reports to an annual system based on existing IRS form W-2. Its enactment would save small business an estimated $235 million in accounting and clerical costs alone.

In addition, its enactment would mean a significantly reduced cost to the Federal Government for processing these forms. It would eliminate approximately 175 million quarterly wage reports a year, resulting in significant savings for both IRS and the Social Secuity Administration.

The legislation has had strong support. Former Secretary of the Treasury, George P. Shultz, endorsed it as a "real opportunity for reducing paperwork," and the report of the President's Council on Management Improvement stressed that "the objections raised in the past are no longer of sufficient weight to continue the now obsolescent system," of quarterly social security reporting. The National Federation of Independent Business, the largest small business organization in the United States, has favored the elimination of this form since 65 percent of its member firms singled it out as the most burdensome of all Federal forms. This conclusion was supported by a separate study conducted by the Small Business Administration in which 8 out of 10 small businessmen favored using the annual W-2 form instead of form 941.

The bill has also received a great deal of support from our colleagues in the House. It was introduced as H.R. 14311 by Representative ULLMAN of Oregon and Representative YATRON of Pennsylvania, and has attracted 94 cosponsors, including Representative SCHNEEBELI of Pennsylvania, and several other members of the Committee on Ways and Means.

Mr. President, the Federal paperwork burden of which form 941 represents a significant part, has been described as reaching crisis proportions. Many small businessmen have neither the time nor the expertise to handle the large number of forms thrust on them by the Federal Government. Many cannot afford to hire part-time or full-time professional help to hack their way through the jungle of redtape. For some, the required paperwork is the "last straw" for a small businessman struggling to survive against big business on one hand and big government on the other.

For the past 2 years, my Subcommittee on Government Regulation on the Senate Select Committee on Small Business has been conducting an extensive inquiry and public hearings into the nature and extent of the Federal redtape and paperwork burden and its effect on the economic viability of small businesses throughout the Nation. The testimony received from these hearings indicates that Federal paperwork is costing the 8½ million small businessmen of this Nation between $18 to $50 billion per year.

It is time to end this senseless waste. Enactment of this legislation is the long-needed first step toward reducing this burden. It is not the total answer, but our action would be a clear and unmistakable message to the small business community that we do not intend to let them face this problem alone.

A change in the administration's position at this late date would endanger the chances of enactment in this Congress. For the administration to hold out the prospect of relief and then dash those hopes by a sudden change in position would, in effect, be a cruel hoax on the small business community. I am sure that my colleagues will play no part in this deception, and I urge the administration to pause and review the consequences of such a decision.

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## TROUBLE AND TYRANNY IN SOUTH KOREA

Mr. CHURCH. Mr. President, on July 29, I introduced an amendment cutting off all American military assistance to South Korea. There are several reasons for this action, but by far the most important is the tyrannical behavior by the Seoul regime against its own citizens. U.S. military aid underpins such repressive rule.

Three leading national newspapers ran recent editorials pointing out the current trouble and tyranny in South Korea. I agree with the rhetorical conclusion of the Philadelphia Bulletin:

> Just how solid and reliable is an American alliance with a South Korean regime whose repression, even if it does not ultimately speak a revolution, creates wider disaffection among its people including elements of the population that are probably most oriented toward America and the West?

Mr. President, I ask unanimous consent that editorials from the Baltimore Sun, the Philadelphia Bulletin, and Washington Post be printed in the RECORD.

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

[From the Baltimore Sun, July 28, 1974]

### AID TO KOREAN TYRANNY

The United States government is committed under a 1970 agreement to increase its already considerable military aid to South Korea to compensate for an American division which was withdrawn. But the 1973 Foreign aid law declares it the sense of Congress that no aid be given a regime that keeps political prisoners. Secretary of State Kissinger has testified grimly to a Senate subcommittee that the American national interest in South Korea's defenses overrides disapproval of its government. Furthermore, he said, the Japanese government feels the same way. This does not end the issue, however. On Tuesday, two House subcommittees will open hearings on an amendment to the next annual foreign aid bill that would decisively cut off aid to a country holding political prisoners. They will focus on South Korea.

There is an immense investment of American dead and American treasure in the independence of South Korea from North Korea. It is ongoing, with substantial American military presence and a joint "United Nations command" under an American general. South Korea has never been persuasively democratic. The authoritarian rule of President Park Chung Hee, since he overthrew an attempted democracy in 1961, has not unduly disturbed the consciences of successive American administrations.

But since he utilized martial law two years ago to impose a new constitution effectively making him lifetime dictator, President Park's authoritarianism has turned into paranoid tyranny that has reached into every peasant village and, in a decree this April, declared death for those who disagree. It is not enough for him to forbid rural folk from collecting leaves for fuel as they always have. Not enough to kidnap from Japan the man who ran him a close race for the presidency in the 1971 election, as he did last year. Park has used the excuse of quite minor student demonstrations to seize and secretly condemn scores of political prisoners. The dragnet has so far taken in a leading satiric poet, a Roman Catholic bishop, an authority on American history, and an aged president who once legitimized Park's rule, not to mention two Japanese citizens. With his vast Central Intelligence Agency, no one is safe, no whisper is discreet. How far this is going is impossible to fathom. The phenomenon resembles nothing so much as Tacitus's descriptions of once-decent Roman administrators going murderously mad as emperors.

Park does this in the name of anti-communism, raising the questions of what he is anti-Communist for, and what liberty denied in Communist North Korea will he maintain in South Korea. A flat ban on aid to any country holding political prisoners would raise many problems of definition and judgment. Aid can never be an effective device to blackmail or bribe nations into democracy. But if the administration is to retain the discretion it should have, it must begin to use it.

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[From the Philadelphia Bulletin, July 28, 1974]

### TYRANNY IN SOUTH KOREA

A good deal of American blood and treasure have been expended in South Korea. U.S. aid is still running at the rate of several hundred million a year. Some 38,000 American troops, including the Second Infantry Division, are still stationed there.

Repression has grown in South Korea as President Park Chung Hee continues to crack down on any and all domestic opposition. Students, intellectuals and opposition politicians are tried in closed courts-martial. Death sentences and long prison terms are imposed. A prominent Roman Catholic bishop has been among the many Korean Christians swept up in President Park's net.

Some Americans, including Edwin O. Reischauer, former U.S. ambassador to Japan, and John K. Fairbank, who is chairman of the Council of East Asian Studies at Harvard, believe that the United States should distance itself promptly from oppressive acts against the people of Korea; that it should protest and limit its aid. The South Korean situation will figure in hearings shortly to be helped by two House Foreign Affairs subcommittees.

The Nixon Administration's position is that while it doesn't approve of the South Korean government's oppressive policies, American aid should continue for Asian security interests that affect our national interest. For one thing, Secretary of State Kissinger told a Senate appropriations subcommittee, South Korea's strategic position is very crucial to Japan.

It's an old dilemma when this democracy finds itself allied to tyrannies. There is also the question how useful or in the national interest it is for one government to "meddle" directly in the internal policies of another. U.S. influence in South Korea has been reduced along with the reduction of direct U.S. involvement in Asia.

But quite apart from any moral (or merely sentimental) concern Americans might have about the fate of a people and a nation with whom they have had strong ties, there is one point that the more hard-headed pragmatic policy makers might consider.

Just how solid and reliable is an American alliance with a South Korean regime whose repression, even if it does not ultimately spark a revolution, creates wider disaffection among its people including elements of the population that are probably most oriented toward America and the West?

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[From the Washington Post, July 27, 1974]

TROUBLE IN SOUTH KOREA

Late in 1972, President Park of South Korea conducted a virtual coup against his own government, installing martial law and setting himself on a course of arbitrary one-man rule which has steadily intensified since. "We can no longer sit idle while wasting our precious national power in imitating the systems of others," Mr. Park said to those who had hoped that American-introduced democracy would put down roots in Korea. But what apologists call the "Korean style of democracy" has now become so repressive as to raise the question of whether dictatorship flourishes more on the north of the 38th parallel, the dividing line with Communist North Korea, or on the south.

Hundreds if not thousands of political opponents have been arrested, including students (students toppled the Syngman Rhee dictatorship in 1960, every Korean recalls), Christians, intellectuals and every manner of political rival real and imagined. Upwards of a dozen political foes have just been sentenced to death in a trial in which few observers could perceive evidence of due process. Among them is the country's leading poet, Kim Chi Ha, previously arrested and beaten for a poem. The man Mr. Park defeated at the polls in 1971. Kim Dae Jung, who was kidnaped from Japan and brought home last year, faces trial now for alleged campaign violations dating back to 1967. One can now be sentenced to 15 years' imprisonment in South Korea for petitioning peacefully for changes in the martial law constitution under which Mr. Park rules.

Unsurprisingly, President Park regularly invokes the cause of national security, claiming that dangers emanating from North Korea justify his measures at home. And it is so that North-South Korean relations remain tense. Their incipient political dialogue, begun two years ago, is frozen. Military incidents continue. North Korea, few doubt, is itself a rogue regime. But there is nonetheless a hint that Seoul may be manipulating the foreign security threat to help create the proper rationale for domestic repression. North Korea had no cause to sink a South Korean patrol boat in international waters in a well publicized incident a few weeks ago. Yet the boat was sailing a few miles further north, and a bit closer to North Korea's territorial waters, than such boats normally go.

Whether President Park is stifling opposition faster than he is creating it is the central question of Korean politics today. It is a question which must trouble Americans as well as Koreans. For the fact is that the United States is the principal foreign patron of South Korea. Some 40,000 American troops remain there from the Korean War. American aid is extensive—in the $200–$300 million range. The familiar dilemma for Americans is, of course, that not only does American support keep South Korea independent, but American support allows President Park to keep fastening his dictatorship on the land. The administration's answer is simply unacceptable. Asked in Congress on Wednesday about the Korean excesses, Secretary of State Kissinger said that "where we believe the national interest is at stake, we proceed even when we don't approve."

Is there no possibility for a break in this intolerable situation? The continuing American presence in South Korea has been justified in recent years as a source of confidence for Seoul while Seoul worked out a new political relationship with the North. But that relationship is not moving ahead. Military and food aid has been offered on the basis that the South Korean economy needed it. But the South Korean economy is doing well otherwise, all things considered. Seoul insists that the American troops remain vital but its nationalism pushes it tacitly to assert that it does not need an American crutch for all time. We continue to believe that the essential elements of the American presence in South Korea should be altered only by a process that takes into account the need to provide for stability in East Asia as a whole. But a large and growing cause of instability in East Asia now is the police rule of the Park regime.

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## SENATOR TUNNEY ADDRESSES NATIONAL RESOURCES ISSUE

Mr. HUMPHREY. Mr. President, I would like to bring to the attention of my colleagues an excellent article in the August 1, 1974, issue of the Washington Post, by Senator TUNNEY, regarding the crucial issue of material shortages potentially facing the United States. As one who shares Senator TUNNEY's concern and who has worked closely with him on these issues, I ask unanimous consent that this article be printed in the RECORD for the careful consideration of the Senate.

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

THE RESOURCES GAP

(By John Tunney)

By the year 2000, twice today's population—more than 7 billion persons—may be scrambling for their daily bread on this earth, and our children may be raising theirs in a bleak world of famine, authoritarianism and war.

Thoughtfully and decisively, we must begin planning now not only to stretch and preserve remaining resources but to encourage the wonders of technology so that future multitudes can live decently and in harmony.

Otherwise, for most persons a mere two dozen years from now, diets will be meager, but their arsenals may be strong, with some of the poorest nations nuclearly equipped for Armageddon. And for wealthier nations, their survival from shortages and cataclysm may be the iron regime of totalitarianism.

In hearings I chaired for the Subcommittee on Science and Technology, expert after expert warned that present trends will confront this nation with disastrous materials crisis. The hearings also revealed that our current institutional structure for monitoring shortages is woefully inadequate to alert us to impending dangers, or to head them off. Within the foreseeable future, a series of sudden, unexpected and economically crippling shortages could generate nearly irresistible pressures for rationing and controls to dole out what resources we have, and for military measures to withhold them from the clamoring demands of others.

If we ignore this threat, we invite its reality. So I was particularly concerned by a July 15th article in The Post, in which Bernard Nossiter sought to debunk predictions of an early exhaustion of critical minerals and material resources. Mr. Nossiter calls the purveyors of such views "ecolyptics," "ecodoomsters," or just "doomsters," and dismisses their forecasts by quoting Wilfred Beckerman, an English economist, to the effect that "resources are not really finite in any meaningful sense." In fact, Beckerman apparently believes that "used up resources are not likely to trouble anyone for 100 million years or so, if then."

But this "debunking" succeeds only by underestimating the difficulties of an exponential growth in world population. To sustain that growth, while attaining even basic levels of human existence, will require unprecedented capital outlays and countless and still uncharted, technological breakthroughs. For example, it is estimated that oil shale deposits in Colorado, Wyoming, and Utah contain 1,800 billion barrels of oil—more than four times the crude oil discovered to date in this country. However, according to a study by the National Academy of Engineering, there is serious doubt whether the huge quantities of water needed to mine the shale can ever be made available. Furthermore, the control of inevitable and widespread pollution in the wake of developing secondary and tertiary sources of energy and materials is by no means within reach, and in many cases beyond our present conceptions.

And if all of these obstacles can be overcome, the nation may still stumble into disaster. For example, the Department of Interior has predicted that by the year 2000, the United States could experience an annual $100 billion gap between the value of primary mineral requirements and primary mineral supplies. This gap would at least strain and probably shatter our balance of trade.

Even willingness to pay a high price for foreign material resources does not assure their availability. As the Arab oil embargo amply demonstrated, in a world where vital material resources are controlled by a limited number of countries, there is no such thing as certainty of supply. Too often, the materials we need may be sold for political concessions rather than hard cash.

Presently, the United States is dependent on imports for the major part of six of the so-called 13 basic raw materials essential for a high level of industrialization—chromium, nickel, rubber, aluminum, tin and zinc. By 1985, the country will depend on imports for more than half our supply of iron, lead and tungsten. By the year 2000, imports will supply more than half of our copper, potassium and sulphur. At what point will we face a choice between the independence of our policy and the prosperity of our economy?

Some experts answer that embargo or drastic price increases through the actions of a cartel will inspire a search for alternate supplies, substitute sources or new technologies. Although this view is undoubtedly correct, it ignores the fact that the time-lag between a decision to develop and the fact of development could be long indeed. Industries cannot consume promises or prospects; during a time-lag, they would be caught short and the economy could be plunged into recession. To treat potential material shortages as merely short-term aberrations ignores the devastating effect of interim shortages on economic growth.

Along these same lines, Nossiter, in discussing the oil embargo, concludes: "The crisis, of course, is one of price, not exhaustion." But for the man in the street who is hard put to buy gas, food, or other vital commodities because the price is too high, there is little comfort in knowing that the supply is high too.

We should not be "doomsters," wringing our hands over an inevitable materials crisis.

But we must be realists, determined to do what can be done to prevent a catastrophe.

Billions of dollars and millions of tons of valuable materials can be saved each year without any adverse effect on the quality of life in America. We must accelerate research and development efforts to use existing materials more efficiently in products and systems, and to prepare substitute materials. In addition, the recycling of solid waste, the development of energy-efficient, nonpolluting automobile engines, the mitigation of metal corrosion, and changes in energy pricing structures—all issues presently before the Congress, and all with a potential for vast mineral and material savings—can go far to meeting our needs now and in the future. It was a hopeful sign of concern and a step toward meaningful commitment when the Senate recently passed legislation mandating a systematic analysis of our materials posture. But we will not finish the job if we lull ourselves into a false sense of security, if we pretend that half measure will solve the whole problem, if we say that inexhaustible supplies of materials lie readily at hand to resolve any crisis. If we deceive ourselves, we will deplete our society and deprive our children. If we face the facts, we can sustain our economy and fulfill our obligations to most of a world which may be worse off than we are.

## THE DEATH OF WAYNE MORSE

Mr. THURMOND. Mr. President, the State of Oregon, the West, and the Nation have lost a man of stature and influence in the death of former U.S. Senator Wayne Lyman Morse.

The distinguished former Senator had served in the Senate from 1944 to 1968, for a tenure of 24 years. During this tenure, Mr. Morse earned a reputation for being an unusually hard-working Senator. He thought of himself as a champion of the common people, and regarded himself as a man who refused to compromise his principles or mute his voice. As evidence of this last trait, in 1953 he talked for 22 hours and 26 minutes against an offshore bill that gave title to coastal States.

Mr. Morse was respected as a gifted lawmaker and was accounted knowledgeable in labor and education matters, in conservation, and in the farm problem. Both those who agreed and disagreed with him will acknowledge that Wayne Morse did not shirk his responsibility to make a decision. We must leave it to history to judge the decisions he made.

Mr. President, I wish to extend my sympathy to his gracious and charming wife, Mildred, in whose companionship he had a strong partner to stand with him in stress as well as in victory. Also to his three daughters goes my heartfelt sympathy, and to his two brothers and his sisters. Their loss is great, but the loss of our Nation is equally heavy.

## ADMINISTRATION MISMANAGEMENT COSTLY TO ALL AMERICANS

Mr. HUMPHREY. Mr. President, on July 15, I had the honor of addressing the annual convention of the National Association of Counties.

In that speech, I observed that the greatest current threat to a positive, supportive relationship between the Federal Government and State and local government is the apparent inability of the Federal Government to effectively manage the economy.

I also offered a series of proposals to promote the stable growth of our economy.

These included; a new emphasis on productivity; a balanced fiscal and monetary policy; a planned allocation of credit; long-range economic planning; a balanced national growth and development policy; a National Domestic Development Bank; and the full funding of our rural development programs.

Mr. President, I ask unanimous consent that my remarks to the National Association of Counties be printed in the RECORD.

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

REMARKS BY SENATOR HUBERT H. HUMPHREY

It is a privilege to be with you today as you begin your annual conference. As many of you know, I am no stranger to the National Association of Counties and, in fact, have addressed your convention many times in the past.

This morning I would like to discuss some of the goals we share for America and, more specifically, how to cope with the current economic crisis that so seriously undermines our ability to achieve them.

As I see it, the greatest current threat to a positive, supportive relationship between the Federal Government and the States, counties, cities and towns of America is the apparent inability of the Federal Government to effectively manage the economy.

The most urgent problem facing our county officials, and public officials at every level of government, today is how to cope with a raging inflation that has pushed prices up 10.7% in the past year alone and about 19% in the past 2 years.

Uncontrolled inflation is devastating to our people. It shakes the foundations of our institutions. It makes public decision making virtually impossible. And, as you in the counties who must administer our basic health programs, run our nation's welfare system, and manage our system of criminal justice and correctional institutions, realize more than anyone else, inflation makes planning for the future of these essential activities an almost impossible task.

Yes, inflation is and must be an overriding concern to all of us. It affects the life of every person in our country and every sector of our economy.

However, we must also recognize that inflation today is an international problem—an international plague—shortages of commodities, rising population, crop failures—we are more entwined in its world-wide causes and effects than most nations.

As the largest single producer of consumer and capital goods; as the nation with the largest Gross National Product; and as the financial center of the world; what happens in the United States affects the entire world economy very directly. The U.S. is at the center of the international economic system.

At the same time, the tremendous appetite of our economy and demand for the goods we produce is greatly affected by what happens in other parts of the world.

You only need to remember the impact at the cash registers in our super-markets as U.S. grain exports exploded, or the surge in prices at the gas pumps when the Arabs shut-off exports of petroleum to us. These are but the most obvious examples.

One of the principal reasons for our nation's failure to anticipate the present economic crisis in America was this Administration's failure to pay adequate attention to these and other basic economic changes occurring throughout the world.

This failure has cost the American people a heavy and burdensome price.

First, we have not had strong and consistent economic leadership from the Administration. In fact, we have not had an economic policy at all. Rather, we have had an erratic series of freezes and phases. It has been stop and go, on and off, up and down—freeze and thaw—more like a yo-yo.

We have had an avalanche of "Ad Hoc" economic decisions. We have had a constantly revolving door to the offices of national economic leadership. But this baffling series of new faces and pronouncements has not resulted in a national economic policy.

This piecemeal non-policy has been, in itself, highly inflationary.

In times past, our country may have been able to get by, regardless of what happened in Washington. But today, public confidence in national leadership is of central importance. The Federal Government permeates the entire economy. Whether we like it or not, its $300-billion-plus budget, its huge borrowing and lending operations, its tax policy decisions, and its intervention in the money market, all have a tremendous impact on our economic life.

And today, no one has the foggiest idea of what the Federal Government will do next. Uncertainty brings instability. Fear brings panic buying and inflation.

A typical example is the recent statement by Dr. Stein, Chairman of the Council of Economic Advisors. In a national news interview show two weeks ago, Dr. Stein named the American people as the main villains in bringing about inflation. He charged the public with being unwilling to support a tax increase, and in so doing, "created the conditions for inflation."

This is incredible! Every American who follows public affairs, even very generally, remembers that the Nixon Administration based its '68 and '72 campaigns on the promise not to raise taxes—that such action was totally unnecessary.

But, that is not the end. The following day, the White House assured us, once again, that the President sees no need for higher taxes.

The devastating thing about the current economic crisis is that the record inflation and the all-time high interest rates prevail alongside recession and unacceptably high unemployment. This is an unwelcome first, and runs counter to every theory of economic behavior that has been concocted.

By any definition, the period of declining output we have suffered, during the first six-months of this year, is a "recession"—and no amount of White House rhetoric will change that fact.

And, I find it incredible that the 5.2% rate of unemployment for June was hailed as "gratifying" by the White House.

But the question we must answer is, what do we do to get out of this economic mess. What do we do to provide the healthy national economic framework in which all levels of government can cooperate in solving the people's problems?

First, we need strong, positive, economic leadership from the executive branch. Congress, labor, business, agriculture, and the financial sector, must be regularly consulted and intimately involved in developing a na-

tional economic program and policy to which they can commit themselves.

And, I don't mean any one day public relations party on the White House lawn. This may make the front pages, but it won't come up with the solutions we need. Sound planning takes sweat and toil, give and take, and, most of all, strong Presidential leadership.

Phase II was hammered out this way, and it worked for a while. But, it was prematurely abandoned and replaced by a program that kept the brake on wages while letting prices rise.

And while I am on this point, the latest White House economic czar—Mr. Rush—talks a great deal about holding down wage settlements, but very little about holding down prices, profits, and interest rates.

As far as wages are concerned, there is a basic issue of social justice involved. America's workers have lost 5.6% of their purchasing power in the past year. They settled for less in 1973 on the good faith assumption that government would hold back on prices. Government did not live up to the bargain, and justice demands that our workers now be allowed to "catch-up", to make up for the loss they and their families have suffered.

We must have governmental policies that are fair, policies that can be accepted and supported by the majority of Americans because they are even-handed; policies that don't provide favors for a special few, but policies that reward creativity and effort; policies that assign burdens to those most able to carry them and not to those who bear the oppression of unemployment and low income.

Let me suggest some steps we might take.

First, we must get serious in this country about increasing productivity, if we are to meet the growing demands for goods and services of an increasingly affluent society, at reasonable prices. I have no ready answer for exactly how to do it, but we must do a better job of producing more efficiently. We must put a premium on productivity through tax incentives and rewards of profits, wages, and working conditions, for those industries and individuals who make substantial productivity gains.

Second, we must abandon the futile and inequitable attempt to control inflation by relying solely on exhorbitantly high interest rates.

High interest rates add to inflation in an economy like ours where prices are largely administered and not set in a competitive environment. High interest costs, in this setting, are simply one more cost item added to the price of goods and services for the consumer.

In fact, high interest rates result in special favoritism to the big conglomerates and others who have control over their markets. When interest costs can be passed on, they do not dampen spending, they simply push prices higher. And, when a large segment of the private sector can pass on high interest costs with ease, the ability of the county government and all government to borrow is impaired. New York City, for example, recently rejected its only bid for its long term bonds because the rate was 8%—tax free.

Third, we need some plan of action regarding how we want our country to develop. We must begin to design our future, or be forced to resign ourselves to it. The United States is the only modern industrialized nation with no national planning.

We need a policy of Balanced National Growth and Development, such as I have proposed in Congress. Only in this way will we stop our endless shooting from the hip—the current method of economic policy making. We have been playing a dangerous game of economic roulette.

Fourth, we must do a much better job of allocating scarce resources. One important step is to develop a reasonable plan for allocating credit.

With capital in critically short supply, high interest rates cannot be the sole means of deciding where capital will be used. This is not in the best interest of most Americans. It perverts our social policy—a policy that ought to put a premium on the livelihood and living standards of American families.

The Government ought to use its legal power to control interest rates to see to it that credit is available where it is most needed at reasonable rates. Capital allocation is too important to be left to the bankers, those at the FED or those in the private sector.

Fifth, we need a National Domestic Development Bank to provide capital for important public projects at low rates of interest.

This bank would include a special section to provide low-cost housing money. The high interest rate policy pursued by the FED, with White House applause, has raised havoc with the housing market and the construction industry. Fully two-thirds of the American families cannot afford to buy new houses today.

Sixth, we must continue to have Revenue Sharing. But you are going to have to fight for it. Certainly, this program needs a careful review. Perhaps, we need to consider whether or not some guidelines are required. But, just as revenue sharing was needed during a time of severe recession when local government could not raise the funds it required, it is now needed so that local government can meet its obligations in a time of raging inflation, without having to increase the already heavy burden of the property tax.

Seventh, the promises of the Rural Development Act of 1972 must be redeemed. If balanced growth is to be anything more than an empty phrase, our rural areas must be able to sustain American families at reasonable standards of living. This requires the full support and funding of all rural development activities—from housing and transportation, to health care and education.

Eighth, Community Development legislation that truly recognizes the needs of all of our urban areas—small and large cities, as well as our fast growing urban counties—is essential. This legislation must provide an ample opportunity for participation by communities that have not undertaken such Federally assisted programs in the past. At the same time, however, those areas that have participated effectively in the past should not suffer reduced assistance that will reverse the momentum they have developed over recent years to make their cities livable. Most importantly, this legislation must not result in bitter divisive competition between our cities and counties; cooperation is too important to solving the real problems our people face.

America is one country—urban, suburban, and rural—and the quality of life of all Americans requires that each of these areas be made more livable.

But how can we afford to do all these things? Well, you have to bite the bullet. You have to say that there are some things that we will no longer do, and other things that we simply must do. You can't do everything!

A long list of questions on priorities immediately comes to mind.

For example, can we afford to continue Export-Import Bank loans to friendly and unfriendly countries alike at 6% or 7% interest, when we don't provide money at anywhere near these rates for housing, or business expansion, or agriculture in our own country?

Can we afford to continue to subsidize the sale of military hardware to foreign countries, while unable to provide the credit needs for our own small competitive, business enterprises?

Can we afford to continue providing huge tax breaks to highly profitable oil companies, billions of dollars lost each year that could be spent to revitalize communities across the land?

Can we afford policies that result in a failure to keep our economy at a full-employment level? This has cost us over $500 billion of GNP, measured in 1970 dollars, about $130 billion in public revenues—and 11 million man-years of employment. We have paid an awful price for inaction.

Can we afford to continue without a National Incomes Policy? We need to establish income goals for our people and develop the policies and institutions to achieve them. The staggering inflation of the past two years, the growing disparity in income between the rich and the poor, the obvious need to establish guidelines for reasonable wage and price behavior, are only the most apparent reasons for such a policy.

Can we afford an unbalanced fiscal and monetary policy? The monetary policy promulgated by the FED and supported by the White House is totally out of tune with the basic needs of most Americans. The extraordinary tight money policy is padding the earnings statements of our nation's banks, adding to price hikes on everything we keep, and failing to reduce inflation.

While this Administration preaches the gospel of "budget balance," the national debt has risen $107 billion (or 30%) in the six and one-half years of the Nixon Administration—an all-time record of fiscal mismanagement. Loophole closing tax reform is needed, not only for the revenue it will produce, but also to restore the public's confidence in the fairness of our tax system. Substantial reductions in Federal spending for Defense and for lower priority programs are possible and should be made.

We have much to do that we can afford to do, but we will have to make some tough choices. As public officials we must make them. The people we represent demand action—it is the price we must pay if public confidence in government is to be restored.

There are many things that we have done, and others that we've neglected, for which the American people are paying a terrible price today.

We don't have a National Domestic Development Bank to provide the capital needed for public facilities and services—and we are paying the price.

We don't have a National Food Policy with a Food Reserve System to stabilize food prices and assure supplies—and we are paying the price.

We don't have a National Comprehensive Health Insurance System—and we are paying the price.

We don't have a National Energy Policy—and we are paying the price.

We don't have a balanced National Transportation Policy to preserve essential services at reasonable rates—and we are paying the price.

We have concentrated our resources in a non-production Defense Budget—and we are paying the price.

We have adopted a conservative Economic Policy, based almost entirely on high interest rates—and we are paying the price.

We haven't closed glaring tax loopholes, which could raise $20 to $25 billions and provide some tax relief to low and middle income people, and we are paying the price.

And we will continue to pay the price for our failures, until we take a long hard

look at our resources and decide how they will be allocated.

This requires the development of some consensus on where we are going as a nation and how and when we want to get there.

We need a system for developing goals and priorities for our nation. They need not be chiseled in marble for the adoration of the ages. In fact, if they are, they are doomed to irrelevance. They must be constantly evolving as needs and attitudes change.

But, it is the priority-setting process, a process that provides the basis for public and private resource allocation decisions that is sorely lacking today. We have made some progress in this direction with passage of the Congressional Budget Reform Bill this year, but this is not enough.

We must create the instruments of government we sorely need to articulate national goals and priorities. We need a Balanced National Growth and Development Policy and Program, as I have proposed in Congress.

We must provide all levels of government with the capacity to plan for meeting these objectives and for anticipating basic changes that will affect them.

And, we must tightly tie together this process, from the local to the national level, in a system of supportive inter-governmental relations—with modern County governments—effectively planning its actions and administering its vital programs.

I urge you to join with me in working to establish this new agenda in policy making—an agenda of vital importance to our counties, to creating a strong and stable economy, and to carrying through the promise of a better life for all the American people.

## JUDICIAL RESTRAINT ON SENATE IMPEACHMENT TRIAL

Mr. SCHWEIKER. Mr. President, for the first time in over a century, impeachment articles have been voted by the House Judiciary Committee against a President of the United States. Because of the gravity of this development, preliminary plans have begun in the Senate, so that we are prepared in the event the full House of Representatives sends impeachment articles to the Senate for a trial.

Yesterday, I announced a policy of judicial restraint that I will be following in carrying out my own responsibilities under the Constitution in reviewing this grave question. I ask unanimous consent that my statement on my judicial restraint policy be printed in the RECORD.

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

STATEMENT OF U.S. SENATOR RICHARD S. SCHWEIKER

Throughout my Senate term, I have always been free to speak out openly on the issues. I have publicly criticized policies and actions with which I have disagreed, including Watergate.

Now, however, the formal votes of the House Judiciary Committee in favor of impeachment articles transform consideration of Watergate into a quasi-judicial matter with specific Constitutional procedures. If there is a trial, each Senator must take a special oath to "do impartial justice according to the Constitution and laws."

If that happens, I will be one of 100 Senators sitting as a judge in the impeachment trial of the President of the United States. Therefore, I have decided to adopt a policy of "judicial restraint" relating to this grave question:

(1) I do not feel it will be appropriate for me to comment on any substantive matter relating to impeachment charges until the verdict has been reached; and

(2) I will not make any judgment on my verdict until the completion of a Senate trial. The actual vote of a United States Senator must be based on the evidence presented at the trial—and mine will be.

I am adopting this policy of "judicial restraint" so that I can properly fulfill my responsibilities as a United States Senator to be a fair and impartial judge in these awesome proceedings.

## CIA TESTIMONY ON SOVIET PRESENCE IN THE INDIAN OCEAN

Mr. SYMINGTON. Mr. President, earlier this month, the Subcommittee on Military Construction, which I have the honor to chair, held hearings on the question of the Navy's request for funds to expand U.S. facilities at Diego Garcia and the effect such a program might have on the future status of the Indian Ocean.

Testimony on this subject was taken in open session from Rear Admiral Grojean, Director, Politico Military Policy Division, Office of the Chief of Naval Operations, Senator CLAIBORNE PELL, and Rear Adm. Gene R. LaRocque, U.S. Navy retired, Director of the Center for Defense Information.

In addition, the subcommittee met in executive session to hear testimony from Mr. William Colby, Director of the Central Intelligence Agency, on Soviet presence in the Indian Ocean.

In that one of the reasons given by Navy for expansion of our facilities at Diego Garcia is to respond to Soviet activities in that part of the world, we believed it important to obtain an assessment of those activities from that agency of the Government assigned the prime responsibility of gathering intelligence data on the Soviet Union.

Director Colby's presentation placed the Diego Garcia request in a much broader context than that of a simple military construction project; and because his was the only testimony presented in closed session, we asked that he declassify as much of his presentation as possible.

That testimony has now been sanitized; and because I believe it important that all Senators have an opportunity to read this assessment before a final decision is made on a project which can have far-reaching military, political, and economic consequences, I ask unanimous consent that the relatively brief testimony in question be printed in the RECORD.

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

PROPOSED EXPANSION OF NAVAL FACILITIES ON THE ISLAND OF DIEGO GARCIA

U.S. SENATE,
SUBCOMMITTEE ON MILITARY CONSTRUCTION OF THE COMMITTEE ON ARMED SERVICES,
*Washington, D.C.*

The Subcommittee met, pursuant to notice, at 2:10 o'clock p.m., in Room 212, Russell Senate Office Building, Senator Stuart Symington (Chairman of the Subcommittee) presiding.

Present: Senators Symington (presiding), Dominick and Taft.

Also present: Gordon A. Nease, Professional Staff Member; Joyce T. Campbell, Clerical Assistant; and Kathy Smith, Assistant to Senator Symington.

Senator SYMINGTON. The hearing will come to order.

Mr. Colby, we welcome you.

I see you have a statement. You may proceed.

STATEMENT OF W. E. COLBY, DIRECTOR OF CENTRAL INTELLIGENCE AGENCY; ACCOMPANIED BY JOHN B. CHOMEAU, OFFICE OF STRATEGIC RESEARCH; WILLIAM B. NEWTON, OFFICE OF CURRENT INTELLIGENCE; AND GEORGE L. CARY, LEGISLATIVE COUNSEL

Mr. COLBY. Mr. Chairman, it is a pleasure to be here.

Mr. Chairman, the Soviet naval presence in the Indian Ocean began in March 1968, when four ships from Vladivostok made a "good will" visit to most of the littoral countries. In the little over six years since those visits, the Russians have maintained a nearly continuous presence in the Indian Ocean area.

The Soviet naval presence has grown slowly but steadily during these years, and has helped Moscow increase its influence in that part of the world.

The forces the Soviets have deployed in the Indian Ocean, however, have been relatively small and inactive.

The vessels have spent 80 percent of their time at anchor or in port visits, mostly in the northwestern portion of the ocean.

Although the number of countries visited annually has decreased since 1969, the general expansion of the naval force and the increased use of ports on a routine basis have resulted in an overall increase in the number of port calls. Put in terms of naval ship days in the Indian Ocean the Soviet presence increased from about 1,000 in 1968 to 5,000 in 1973, excluding harbor clearing operations in Bangladesh.

By mid-1973, the typical Soviet Indian Ocean force included five surface warships—one gun-armed cruiser or missile-equipped ship, two destroyers or destroyer escorts, a minesweeper and an amphibious ship. There was also usually a diesel submarine, and six auxiliary support ships, one of which was a merchant tanker.

Mr. Chairman, today there are six surface combatants, one submarine, nine minesweepers and 11 support ships in the Indian Ocean, not substantially different from that typical showing, except for the increase in minesweepers, as I will explain later.

Recently, a Soviet intelligence collection ship has been deployed to the Indian Ocean for the first time since the India-Pakistan War, and is apparently monitoring developments in the Persian Gulf area.

It will probably also conduct surveillance of any major Western naval movements in the Indian Ocean.

In addition, a group of Soviet minesweepers has recently arrived from the Pacific to conduct mine-clearing operations in the Gulf of Suez—in the areas shown on this map at the bottom. The ones at the top you will note are being cleared by the U.S. and the United Kingdom.

Last weekend the helicopter carrier Leningrad, on a voyage from the Black Sea, rounded the Cape of Good Hope and may join this group. This is by far the farthest from home waters that either the Leningrad, or its sister ship the Moskva, has ever ventured.

The Soviet warships and submarines sent to the Indian Ocean normally come from the Pacific Fleet, which is also the primary

source for logistic support. Combatants from the western fleets, however, have operated in the Indian Ocean, but only while transferring to the Pacific.

The Indian Ocean has become, in effect, a "southern sea route" for the interfleet transfer of naval units.

About one-fourth of the Soviet warships and submarines that have operated there have been units transferring to the Pacific from the western fleets.

The Pacific Fleet naval forces are now being modernized. As part of this effort, since early 1974 the Soviet force in the Indian Ocean has included more modern anti-carrier and anti-submarine units, transferring from Soviet western fleets. These units have provided the Russians a more impressive naval presence than could have been drawn from their Pacific Fleet a year ago.

In addition to this de facto improvement in the quality of the Indian Ocean force, the length of time on station for the individual warships seems to be increasing. Some of the ships that have just left the area, for instance, were there for a year, as compared to five to six months for previous rotational tours. This added time on station is at least partly owing to improved Soviet support facilities in the area.

Until 1973, the Russians relied almost exclusively on "floating bases"—collections of auxiliary ships usually anchored in international waters—to provide support to their Indian Ocean naval forces.

The most frequently used anchorages were near the Island of Socotra, and in the Chagos Archipelago, about 1,000 nautical miles south of India, where the Soviets have implanted mooring buoys. You will notice that Diego Garcia is in the Chagos Archipelago.

Contrary to numerous reports about Socotra, the barren island has no port facilities or fuel storage and its airstrip is a small World War II gravel runway. The only military installation on the island is a small South Yemenese (PDRY) Garrison. A major construction effort would have to precede any significant Soviet use of Socotra, other than as an anchorage.

In early 1973, the Soviets acquired use of some facilities at the small Port of Berbera, in Somalia. These have now been expanded, and the Soviets are now using the harbor for routine ship maintenance and crew rest.

There are no repair facilities ashore, but tenders now provide the same services in port as they previously did at anchor.

The Soviets have set up naval communications facility near Berbera, and also appear to be building an airfield although they have made little progress [deleted].

The Soviets have use of a POL storage area there, and have constructed a barracks area for their technicians.

Soviet naval ships also have some access to the Iraqi port of Umm Qasr, in the Persian Gulf, where Soviet technicians have been assisting in minor port development.

Repair facilities at the former British naval base at Aden have not been used by Soviet warships, although support ships and, occasionally, small warships stop there for refueling and replenishment. Soviet transports periodically land at an ex-RAF airbase—now Aden's International Airport.

Soviet naval auxiliaries regularly call at Singapore as they enter and exit the Indian Ocean. In addition to receiving bunkers, since May 1972, the Soviet support ships have been serviced in the commercial drydock facilities there.

Moscow's prospects for naval facilities in other littoral countries are not very bright.

The Soviets helped build India's naval base at Vizakhapatnam, and have equipped the Indian Navy with minor warships and diesel submarines.

Nevertheless, New Delhi has not granted the Soviets free access to Indian ports, nor is it likely to do so in the foreseeable future. [Deleted.]

The USSR is trying in some other countries, too, although prospects are equally dim beyond receiving bunkers. Moscow has apparently made overtures to Sri Lanka for access to the Port of Colombo, and has sent in research ships, support ships, and an occasional warship—probably trying to accustom the Ceylonese to a Soviet naval presence.

Similar calls have been made to Port Louis, in Mauritius.

The Soviets may also hope to use the facilities in Chittagong, now that they have finished the harbor clearing operation there.

Senator SYMINGTON. Where is Chittagong?

Mr. COLBY. Chittagong is in Bangladesh.

You will recall that the Soviets were asked to help in some salvage and minesweeping efforts there. They finished the salvage very rapidly, but the minesweeping operation was very complicated and difficult. They just finished that a few weeks ago. They have withdrawn from there now.

We have no evidence that the Soviets have made overtures for naval access to Littoral countries other than Somalia, Iraq, Aden, India, Singapore, Mauritius, and possibly Sri Lanka.

Senator SYMINGTON. Where is Sri Lanka again?

Mr. COLBY. To people of our age, it was Ceylon.

Senator SYMINGTON. We had an open hearing this morning and a closed hearing this afternoon, but so far it does not seem to me that there is anything that you have said here that should be classified up to IV in your statement. All that information, as I see it, is something that everybody would know that wanted to know it.

Mr. COLBY. There may be a few phrases in there, Mr. Chairman, that would reveal how we learned certain items. But in essence, I agree with you.

Senator SYMINGTON. Would you please declassify as much as possible of your statement.

Mr. COLBY. I would be delighted to go through this and pull out those few things that have to remain classified and declassify the remainder, Mr. Chairman.

So far, Mr. Chairman, I have been talking about the more or less continuous Soviet naval presence in the Indian Ocean. Another aspect of the problem has been the Soviet surge deployments to the area—and these have been highly responsive to U.S. naval activities.

Moscow apparently prefers to keep a minimal force in the ocean that can be quickly strengthened. This provides a "signalling" capability during crisis periods, while avoiding the political and economic costs of maintaining a larger continuous presence.

There have been two occasions when the Soviets have clearly made use of this "signalling" device.

Following the Indo-Pakistani War of November 1971, and almost three weeks after the deployment of the USS Enterprise, they brought their force level up to six surface combatants, six submarines and nine auxiliaries. This represents a doubling of surface combatants, and a significant increase in submarines, from one to six.

In the Arab-Israeli War in October 1973, the Soviets responded to the unanticipated deployment of a U.S. carrier task group to the Indian Ocean by sending additional units into the area—increasing their submarine force from one to four.

[Deleted.]

Senator DOMINICK. Mr. Chairman, would Mr. Colby yield at that point?

When you are talking about the Soviets, are you talking about missile firing submarines or attack submarines?

Mr. COLBY. We are talking about attack submarines, Senator.

Senator DOMINICK. Thank you.

Mr. COLBY. The timing of Soviet ship movements into the area, both during the India-Pakistan War and following the Arab-Israeli conflict, is instructive. The Russian units left port only after U.S. or U.K. carrier task groups had departed for, or arrived in, the Indian Ocean. All indications were that Moscow was chiefly responding to deployments by the U.S. and other western countries, specifically Britain, rather than initiating a unilateral buildup.

There remains one important consideration concerning Soviet naval capabilities in the Indian Ocean—the forthcoming opening of the Suez Canal. We believe this will increase the overall flexibility of the Soviet Navy in the Indian Ocean, but not in itself cause a significant increase in the Soviet presence.

Use of the canal would give the USSR easier and more timely naval access, particularly in times of crisis, to the western Indian Ocean—that is, the important Persian Gulf and Arabian Sea area.

It also would facilitate the logistic support of ships in the Indian Ocean and reduce Soviet dependence on littoral countries.

A reopened canal would expedite interfleet transfers and deliveries of military aid.

A few warships from the Mediterranean squadron probably would be sent to the Indian Ocean once the canal opens.

But because of the higher priority of Soviet naval operations in the Mediterranean, and the maintenance of a strategic reserve in the Black Sea, the Soviet Pacific Fleet would still be the chief source for surface combatants—and all of the submarines—for the Indian Ocean. Support ships could be drawn from the Black Sea and the Pacific on a nearly equal basis.

The Soviet Union is likely to increase its continuous deployments there whether or not the Suez Canal is reopened.

Moreover, the USSR probably recognizes that the canal is subject to closure in a crisis. The Soviets would not wish to be caught with a substantial portion of available units on the wrong end of a blocked canal, and in considering this contingency they almost certainly would give priority to their Mediterranean squadron.

If there is no substantial increase in U.S. naval forces in the area, we believe the Soviet increase will be gradual, say, one to two surface combatants per year.

Mr. COLBY. [Deleted.]

Should the U.S. make a substantial increase in its naval presence in the Indian Ocean, a Soviet buildup faster and larger than I have just described would be likely. If the canal were open and available to Russian ships, the task of responding would be easier.

In any event, the Soviets would probably not be able to sustain an Indian Ocean force significantly larger than that presently deployed there without reordering their priorities and shifting naval forces from other areas.

Let me now put the Soviet naval activity I have been discussing into the context of overall Soviet objectives in the Indian Ocean area.

Viewed from a global perspective, the Indian Ocean area—as distinct from the Middle East—has a lower priority than the U.S., China, or Europe in the USSR's diplomatic, economic, and military initiatives. Moscow's probable long-range strategic objectives in this area are to win influence at the expense of the west, and to limit the future role of China.

Toward these goals, the Soviets use their naval presence as one element in a combined approach that utilizes political, economic, subversive, and military aid activity.

We believe that the roles of military, and particularly naval forces, have been secondary to diplomatic efforts and aid programs in promoting Soviet interests in the Indian Ocean area.

The principal objective of the naval force is to maintain an adequate military strength to counter—or at least provide a political counterweight to—moves made by western naval forces there, particularly those of the U.S.

Soviet leaders have shown that they will maintain a naval presence in the ocean at least equal to, if not greater than, that of the U.S. Navy.

Soviet writings have reflected concern over the possibility of the U.S. sending nuclear-powered ballistic missile submarines to the Indian Ocean, but so far the activities of Soviet naval units there have not indicated an anti-Polaris mission.

The Soviets recognize the importance to the west of Persian Gulf oil, and the sea lanes between the Gulf and Europe or Japan. Moscow perceives a causal relationship between the oil question and recent increases in the U.S. naval presence in the Indian Ocean.

Nevertheless, the normal composition of the Soviet force there—particularly the lack of a significant submarine capability—suggests that interdiction of western commerce, particularly oil shipments from the Persian Gulf, has not been a major objective.

At present, about 50 percent of the industrialized countries' oil imports come from the Persian Gulf. This share may decline somewhat in coming years, as alternative sources are developed.

Judging from the size and composition of the Soviet Indian Ocean force, direct military intervention does not appear to figure prominently in Soviet plans.

As for future Soviet naval activity in the Indian Ocean, we believe that growth will be steady over the long term, if there is no permanent increase in U.S. naval forces in the area.

Moscow would probably consider such a measured approach as consistent with a generally growing—and accepted—Soviet presence in the Indian Ocean countries.

Soviet capabilities to project and support larger naval forces in the Indian Ocean are constrained by a variety of factors.

First, is the distance and steaming time from the various Soviet fleets. Those in the western USSR now have to go around Africa, and are twice as far from the Arabian Sea as is the Pacific Fleet. If the Suez Canal were open, the steaming time for the fleets in the western USSR would be significantly reduced, as shown on this map. You can see that the red line south of India, Mr. Chairman, shows the point from which you have approximately an equal steaming time from either the Black Sea or the Pacific Ocean fleets.

Other restraints include the requirement to maintain a strategic reserve in home fleet areas, a large deployed force in the Mediterranean, plus the economic and political costs of operating a sizable naval force in the Indian Ocean.

Moreover, the Soviets are not likely to acquire substantially better naval support facilities for their ships in the Indian Ocean area, at least in the near future. There seems to be little prospect for routine access to large shore facilities—such as those in Singapore, India, Sri Lanka, or Aden—for major repair and overhaul of warships.

The limited facilities that the Soviets use now, such as those in Berbera or Umm Oasr, would require considerable development—and probably changes in the host countries' policies—to provide major services.

On the other hand, the Soviets probably hope to increase their capabilities for air reconnaissance in the Indian Ocean. Their prospects are best in Somalia, where Russian technicians are helping to construct airfields at Berbera and near Mogadiscio.

Somalia is unlikely to give Moscow permanent basing rights, but would probably allow occasional flights.

TU-95 naval reconnaissance aircraft staging from Somalia could conduct surveillance from the Cape of Good Hope to the Malacca Strait.

Visits by TU-95's most likely would be on a periodic basis, as in Cuba and Guinea, but might increase in frequency during times of crisis, major western deployments or exercises, or Soviet naval space support activity.

Anti-submarine warfare aircraft, such as the IL-38 May, operating from Somalia could provide surface reconnaissance and anti-submarine warfare coverage of the Arabian Sea. These aircraft, as well as TU-16 medium bombers, were based in Egypt until July 1972, and closely monitored U.S. and NATO ships and exercises in the Mediterranean.

Mr. Chairman, that completes my prepared statement. I would be very happy to answer any additional questions you might like to ask.

Senator SYMINGTON. Thank you, Mr. Colby.

The first request would be that you declassify as much of this as possible.

Mr. COLBY. I will, Mr. Chairman.

Senator SYMINGTON. It would be your decision.

Mr. COLBY. The other matters I will do it as best as I * * *.

Senator SYMINGTON. The more information we can get out in order to help us make the right decision the better.

Mr. COLBY. I understand, Mr. Chairman. In our country our decision-making has to be public as opposed to some countries where it is to be secret, and consequently, we have to make as much of our input public as possible.

Senator SYMINGTON. Do you consider the Indian Ocean area to be of strategic importance to either the Soviets or the U.S.?

Mr. COLBY. I would rather answer from the Soviet side, Mr. Chairman. I think the Soviets are interested in the Indian Ocean as an area of expanding their influence, primarily through their political relationships with some of the countries in the area, with the Indians, especially, and some of the other countries in that general area. I think they would obviously be concerned if there were some major threat to Soviet security posed from the Indian Ocean. I think there is a certain interest in posing a possible counter-threat to American or western pressure on the Soviet Union by posing a threat to the oil sources of western Europe. But it is certainly not in priority anything like their relationships with the U.S., Western Europe or China.

Senator SYMINGTON. The Navy spokesmen have indicated that the Soviets have use of facilities in several locations in the littoral area. I would like to take them one by one and have your comments. I have already heard them in another committee, but I would like to hear them now.

The Island of Socotra.

Mr. COLBY. The Island of Socotra, Mr. Chairman, is a bare island. There is almost nothing there except for a small garrison from South Yemen. The Soviets have used Socotra as they have used many other areas around the world as an anchoring place for their ships. The Soviets spend a considerable portion of their time at anchor. They do their provisioning frequently at anchor. They have anchored there off Socotra in protected waters in order to conduct this kind of reprovisioning and just plain sitting.

Senator SYMINGTON. How about an air strip?

Mr. COLBY. The only air strip on Socotra is on old World War II air strip which is really not feasible for modern operations.

Senator SYMINGTON. We were told of anchorages and permanent mooring in the Chagos Archipelago.

Mr. COLBY. There are anchorages in that Archipelago. Again, some of this water between the different islands is international water, and Soviet ships are inclined to anchor there. They have set up some mooring buoys there in international waters so that they can just come on and hook onto them.

Senator SYMINGTON. That is very close to Diego Garcia.

Mr. COLBY. It is not far from there.

Senator SYMINGTON. On Berbera, Somalia, communications station, barracks, repair ships and other facilities, including air strips. What are the facts on that?

Mr. COLBY. Let me give you an overall picture of the port at Berbera, Mr. Chairman. It is a small installation which will handle two or three ships. And there is an air strip under construction outside of Berbera.

They have been building an air strip there for about a year, but have not gotten very far.

Senator SYMINGTON. Mogadiscio.

Mr. COLBY. Mogadiscio is the Capital of Somalia, Mr. Chairman. It is a big town there. They have an embassy, and they have people there, advisors.

The port is a fairly big port.

But the area within the breakwater is somewhat shallow water, and you would have to anchor a little offshore and bring lighters in if you use the port at all.

There is an airfield about 30 or 40 miles northwest of Mogadiscio which they have been gradually building up a little bit. But there is not much progress on that either.

Senator SYMINGTON. The Iraqi Port of Umm Qasr.

Mr. COLBY. Umm Qasi, you will notice there up at the head of the Persian Gulf.

The sea is down here. You come up a river, kind of a delta area. This particular island is claimed by the Kuwaitis as well as the Iraqis. The facility here, the so-called port, is about four, five or six buildings here, a place where you can anchor. It is a little complicated to get through the delta down to the Gulf. The Iraqis appear to be a little bit restrictive as to the degree to which they will allow the Soviets free use of this particular port. [Deleted.]

Senator SYMINGTON. The former British base at Aden and the former Royal Air Force Base.

Mr. COLBY. The former British base at Aden is a good base. It is a good harbor. There are facilities in it. There is an airfield in that town. That is the Capital of South Yemen. And there is an airfield that is an effective airfield and could be used.

The Soviets have not used it very much. They have not done much more than port visits there. But the Government of South Yemen of course, is a Communist government. The Soviets have been assisting them. So they have a pretty active presence there. But they have not actually used the port facility to that degree.

Senator SYMINGTON. What kind of a runway do they have.

Mr. CHOMEAU. It is short. It is not large enough to handle the extremely large aircraft. I have forgotten the length

Mr. COLBY. It is a short runway, not big enough to handle the TU-16's and larger aircraft.

Senator DOMINICK. It is big enough, Mr. Chairman, to handle the B-24, because I have landed one there.

Mr. COLBY. You know, then.

Senator DOMINICK. It is a horrible place.

Senator SYMINGTON. It is probably pretty hot, is it not?

(Discussion off the record.)

Senator SYMINGTON. Bunkering rights in Mauritius and Singapore.

Mr. COLBY. Singapore, of course, is a very well equipped port. And the Soviets have

bunkered there. Singapore sells to whoever happens to go by. They have also used Singapore for some repair, because there are some good shipyards in Singapore, and some of their auxiliary ships, for instance, have been repaired in Singapore.

Port Mauritius—Port Louis on the Island of Mauritius is a very good port. It is not all that highly developed. It is an independent country now, Mauritius. They have sold bunkering to the Soviets.

There are lots of other areas. You can stop by and buy fuel oil if you want to.

Senator SYMINGTON. Have they a representative in the UN?

Mr. COLBY. I would assume so. I am pretty sure they are UN members. Whether they actually keep a mission there or not, I am not sure. But I know we have an ambassador there. As a matter of fact, Phil Manhardt is just going there as Ambassador. As you will recall, he was a Foreign Service Officer, and was a prisoner of the North Vietnamese for five years.

Senator SYMINGTON. Senator Dominick.

Senator DOMINICK. I think I have only got one question, and that is, what is Mr. Colby's assessment—if we should pass the Diego Garcia enlargement, would we by so doing increase the force of the Russian fleet?

Mr. COLBY. I think our assessment is that the Soviets would match any increase in our presence in that area.

Senator DOMINICK. That is all I have.

Senator SYMINGTON. Senator Taft.

Senator TAFT. Thank you, Mr. Chairman.

Mr. Colby, would you consider that enlarging the port and the airfield as planned would be such an increase or not?

Mr. COLBY. I am not all that familiar with the details of the plan, Senator Taft. I do think that the public impression of what we do would probably be almost as important as what we actually do. In other words, the Soviets would believe that if we were to establish a permanent establishment capable of supporting a regular force in that area, that they would react in some fashion in order to establish a countervailing force. That is more or less at any degree at which we do it.

Senator TAFT. If we have a big debate and authorize it, is that going to have—

Mr. COLBY. It will certainly attract their attention.

Senator TAFT. If we go ahead and authorize it, and public opinion seems to justify authorizing it, would that have an effect on being able to negotiate limitation on forces in the area?

Mr. COLBY. I think that our assessment, Senator, is that you will see a gradual increase in Soviet presence in the Indian Ocean area, that if there is some particular American increase, that the Soviets will increase that gradually to match any substantial additional American involvement. So that it would really depend upon the size of the investment and the forces that we arrange to be there. If we put in a permanent establishment of some size, why they would correspondingly increase to some substantial degree. If we had only sort of tentative connections there and some improvements, they might just continue their gradual increase.

Senator TAFT. You have not mentioned the British or French forces, I do not think, that are in the area. Both of them have permanent naval forces.

Mr. COLBY. Yes. the French have a naval base up at the north end of Malagasy as well as a base at Djrbouti. They keep, a permanent force of five to six ships. And the British, their only permanent establishment is in Singapore, where they keep a very small fleet. [Deleted.]

Senator TAFT. That is all I have.

Thank you, Mr. Chairman.

Senator SYMINGTON. Thank you, Senator.

Have the number of ports visited by the Soviets in the littoral area increased in the last few years?

Mr. COLBY. Yes, Mr. Chairman. The number of port calls in 1973 has gone up particularly because the calls in Somalia have expanded quite a lot. You will notice that they are rather targeted, there are only certain ones.

Senator SYMINGTON. The number of countries visited have dropped?

Mr. COLBY. Yes. It has been more of a focus where they have visited.

Senator SYMINGTON. As I understand it you expect the Soviet presence in the Indian Ocean to continue to grow regardless of what we do but that it will grow faster if we start developing Diego Garcia, is that a fair interpretation?

Mr. COLBY. I think that is true yes, sir.

Mr. Chairman, our estimate of the gradual growth is a reflection of our estimate of the general Soviet intention to assert itself as a major power, as one of the two superpowers, and to assert itself in a world role, and that consequently, there will be a tendency to gradually expand its presence throughout the world.

Senator SYMINGTON. Who reacted first in the Indian Ocean at the time of the Indian-Pakistan War?

Mr. COLBY. In the Indian-Pakistan War, Mr. Chairman, the first thing that happened was that the British sent a carrier task group to help with the possible evacuation of their citizens. The Soviets sent a force very shortly thereafter. And the American force was sent two or three weeks later, or something like that.

Senator SYMINGTON. How about in the recent Middle East War?

Mr. COLBY. In the Middle East War the movement of American carrier task group was followed by a Soviet increase in presence, particularly in submarines.

Senator SYMINGTON. Who has access to the most ports in the littoral area, the U.S. or the Soviets?

Would that be up for grabs?

Mr. COLBY. Even would not be far off, I would say.

Mr. CHOMEAU. I do not know what the U.S. really has.

Mr. COLBY. The U.S., I think, would have access to Pakistan, Iran, and Saudi Arabia.

Senator SYMINGTON. Off the record.

(Discussion off the record.)

Senator SYMINGTON. There was some question as to whether nuclear submarines could go through the Suez Canal when it is opened. What is the opinion of the CIA on that?

Mr. COLBY. Physically, they could go through it, there is no question about it, after it is opened, physically you can send them through. Whether the Soviets would send them through is something else.

Senator SYMINGTON. Is there enough depth?

Mr. COLBY. You mean without being seen? I mean on the surface, obviously, just going through, I do not think there would be much problem.

Senator SYMINGTON. There would not be?

Mr. CHOMEAU. They have enough depth, but it is risky. You have to be certain that you are not going to run into some place where it is silted. But there is enough depth if it is cleared, yes.

Mr. COLBY. It depends upon the permission of the Egyptians, of course.

Senator SYMINGTON. Do either of you gentlemen have any further questions?

Senator DOMINICK. No, Mr. Chairman.

Senator TAFT. No questions.

Senator SYMINGTON. Thank you very much.

(Whereupon, at 3 p.m., the hearing was recessed, to reconvene at 10 a.m., Friday, July 12, 1974.)

## IN SUPPORT OF INDEPENDENCE FOR THE PORTUGUESE AFRICAN TERRITORIES

Mr. HUMPHREY. Mr. President, the Government of Portugal has in the last few days taken significant first steps toward independence for the Portuguese African territories of Angola, Mozambique, and Guinea-Bisau.

On July 27, President Spinola announced:

> The moment has come for the President of the republic to reiterate solemnly the right of all people from the overseas Portuguese territories to self-determination, including the immediate recognition of their right to independence. . . .
>
> This is a historic moment for which the country, the African territories and the world were waiting: peace in Portuguese Africa finally attained in justice and freedom.

A law has been promulgated in Portugal opening the way for this promised independence to become a reality.

As a friend and ally of Portugal, we share her great expectations of peace and freedom for both the people of Portugal and the people of the African territories. As a country which is committed to human rights and to the replacement of colonial rule with genuine self-determination, we rejoice that Africans will finally take their rightful place among the independent states of Africa. As a friend of the African nations that have worked and sacrificed to bring about the independence of these territories, we share their commitment to a transfer of power that is peaceful, their hope that independence will come without further suffering or bloodshed.

I hope it will be made clear that the United States fully supports Portugal's intention to grant independence to Angola, Mozambique, and Guinea-Bisau. We must encourage every effort made by the Portuguese Armed Forces Movement to work out with African leaders in the overseas territories a viable plan for independence. Having joined the rest of the world in condemnation of Portugal's past colonial policies, we must now make it clear that Portugal is not alone in her efforts to bring peace, justice, and freedom to the African territories.

But genuine self-determination will take time to build in Angola, Mozambique, and Guinea-Bisau, just as it will take time to build in Portugal itself. It is important, therefore, that this country not only give diplomatic support to Portugal's policy of independence, but that we also give substantive support to making this independence viable.

I believe that one of the greatest contributions we can make to this effort is to provide educational assistance for the future leaders of Angola, Mozambique, and Guinea-Bisau. The new African states will need African administrators, economists, agricultural specialists, engineers, scientists, teachers, doctors, and businessmen if they are to have genuine self-government. But education for Africans in the Portuguese territories has been far from adequate to meet these needs. One supporter of the Armed Forces movement has been quoted as saying:

One of the great tragedies is that Portugal did not start a really extensive programme in the overseas territories twenty years ago.

A study done by Peter Walker, now the U.S. Consul General in Mozambique, entitled "The Educational System for Africans in Mozambique: A Sound Foundation for Autonomy or Independence?" reveals the desperate need for educational assistance in the Portuguese African territories. In Mozambique, where there are more than 8 million blacks and 200,000 whites, the educational system has been developed to prepare, primarily, whites for university education and positions of leadership. There are only 20 blacks in a student body of 2,000 at the University of Lourenco-Marques. Ten years ago, there were only five blacks taking university courses.

Of some 1 million blacks of secondary school age, only 1 percent are in secondary schools. Most of these students are not receiving an education preparing them for the university, but rather are being trained for semi-skilled jobs: secretarial work, trade, electronics, mechanics, metal work. Primary schools in the rural areas, where most of the Africans live, have been poorly staffed. They provide about a third of the children in rural areas with training in basic Portuguese and up to 3 years of primary education—not enough to qualify them even for the technical schools that are all in the urban areas. If, at independence, Mozambique is to draw its leadership from all its major population groups—and if all are to have an equal chance to participate in economic development, the rural educational system will have to be greatly improved. This will require the training of teachers for these rural schools.

It has been said that not just Mozambique but all the Portuguese African territories will have a far greater shortage of skilled and educated manpower at independence than was the case in any of the other African States. Yet genuine independence requires a great number of educated and technically training citizens—to draw up plans for economic development, to run local businesses and work with foreign investors, to teach and provide health services, to build a broad-based political system and run the government.

The United States can make a unique and important contribution to the independence of these territories by providing desperately the needed educational assistance. Although we have long been verbally committed to ending colonialism in this part of Africa, our actions have often suggested support for continued Portuguese domination. Our economic and military assistance to Portugal as a NATO ally have been interpreted as enabling that country to continue the wars in Africa. Our votes in the United Nations and other international organizations have been consistently on the side of Portuguese colonialism—against the overwhelming majority of the rest of the world. One of the last and most embarrassing of such votes was our lone vote against admission of Guinea-Bisau into the World Health Organization. Even Portugal abstained We now have a great opportunity to contribute diplomatically to Portugal's efforts to bring about the "peaceful transition to majority rule" we have long advocated for this part of the world—and to contribute substantively through educational assistance to making majority rule a real possibility.

This would be the best possible investment in our future relations with these states. Our willingness to provide educational assistance to newly independent African States has been perhaps the most important element in building strong and enduring friendships between the United States and Africa. Africans educated in the United States now hold high positions in both the governments and the private sectors of their countries. They deal sympathetically and with understanding with U.S. Government and business representatives.

Our educational system provides the kind of educational opportunities most needed by these countries—training in such practical fields as agriculture, medicine, engineering, education and business. Our excellent language-training facilities and the breadth and flexibility or our curriculums make us uniquely qualified to educate Portuguese-speaking Africans. The very strict formal academic requirements of many European and even African universities have posed a hardship for students from Portuguese Africa. Ours is a system that is entered much more easily by students who have not been brought up in it.

Most important, we already have two very fine programs of educational assistance to students from southern Africa. Unfortunately, these programs have been severly cut back. At their height, in 1968, they had more than $2.7 million to work with. This year, one has $100,000 and the other $175,000. With these limited funds, they are to provide assistance to students not only from Portuguese Africa but from South Africa and Rhodesia as well.

The southern African student program brings southern African students to the United States for 2-year graduate level or technical training programs. It used to finance undergraduate education as well, but this has been discontinued. In all, 526 students have been brought to the United States for study under this program, 131 from the Portuguese territories. The program can accept only five new students a year from all of southern Africa.

Under this program, students from Portuguese Africa have studied agriculture, biology, economics, education, engineering, medicine, public administration, and a variety of other subjects appropriate to the economic and political development needs of their countries.

The southern African training program provides fellowships for southern African students to study in African universities, secondary schools, and technical schools. It now provides assistance for a total of 45 students per year.

There is an immediate and pressing need for educational assistance to these emerging African States. And it is terribly important that the United States demonstrate its sincere commitment to independence and self-determination for the people of Angola, Mozambique, and Guinea-Bisau. For these reasons, I believe our existing programs that provide educational opportunities for Africans from these territories must now be expanded.

The African-American Institute has done an excellent job in running these two programs on a contract basis. It has developed close ties with American universities, African nations concerned about the future of the Portuguese territories, and the people who will be the leaders of independent Angola, Mozambique, and Guinea-Bisau. AAI is committed to providing education that is appropriate to development needs and to placing students in the programs most suitable to them. I hope that in expanding this assistance, the African-American Institute will be given maximum flexibility in determining how additional funds are to be spent. Whether a student is to be educated in an American or an African university should be determined on the basis of the abilities and career goals of the student. Also, I hope that the southern African student program will again be allowed to fund undergraduate education.

Mr. President, the United States has always been committed to the peaceful transition from colonialism to majority rule throughout Africa. A cornerstone of this policy has been our willingness to provide badly needed educational assistance to the African States on the eve of and following independence. Our record on the issue of independence for the Portuguese African territories has not been a good one the past few years. We now have an opportunity to show our genuine commitment to independence by providing the best kind of assistance this country has to offer—better than guns, better than rhetoric, better than capital grants—assistance in building the foundation of educated and skilled manpower that is essential for genuine self-government.

I strongly urge the Department of State to increase the budget for educational assistance to the Portuguese territories consistent wtih the great need made apparent by recent events.

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## CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

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## PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ATOMIC ENERGY COMMISSION APPROPRIATIONS, 1975

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 15155, which will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 15155) making appropriations for water and power development, including the Corps of Engineers—Civil, the Bureau of

Reclamation, the Bonneville Power Administration, and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

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

The PRESIDING OFFICER. On whose time?

Mr. MANSFIELD. Without the time being charged to either side.

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

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.

Mr. STENNIS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is H.R. 15155, the Public Works appropriation bill. Under the previous order, time for debate on this bill is limited to 4 hours to be equally divided between and controlled by the Senator from Mississippi (Mr. STENNIS) and the Senator from Oregon (Mr. HATFIELD), with a time limitation of 30 minutes on any amendment and 20 minutes on any debatable motion or appeal.

Mr. STENNIS. That was 30 minutes on each amendment?

The PRESIDING OFFICER. Thirty minutes on any amendment, and 20 minutes on any debatable motion or appeal, with 4 hours on the bill.

Mr. STENNIS. I thank the Chair for that very complete statement.

I ask unanimous consent that during the debate and presentation of this bill, three members of my personal staff be given the privilege of the floor: Mr. R .G. MacDonnell, Mr. J, B. Love, and Mr. Don Fitts.

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

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

Mr. STENNIS. Yes, I am glad to yield to the Senator from Oregon, who is the ranking minority member of the committee.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the name of staff member Jim Bond be added to that list.

The PRESIDING OFFICER. Without objection, it is so ordered

Mr. STENNIS. Mr. President, we also have present, though he does not require permission, Mr. Proctor Jones, and also other members of our Appropriations professional staff.

Mr. President, I have rather complete remarks here that cover the entire bill.

As I say, Mr. President, we have under consideration H.R. 15155, an act making appropriations for Public Works for water and power development, including the Corps of Engineers-Civil, the Bureau of Reclamation, the Bonneville Power Administration, and other power agencies of the Department of the Interior, the Appalachian Regional Development Commission, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes.

Mr. President, the hearings on the bill started March 1, 1974, and continued throughout the month of March and the first week of April. There were 21 sessions of the subcommittee during that period with the departmental and agencies' witnesses. After the Easter recess, the subcommittee held 7 days of hearings—12 sessions—to receive testimony from Senators, Members of the House, public witnesses, and various interested organizations. More than half of the Members of the Senate, a large number of Members of the House, several Governors and State agencies' heads presented testimony and statements. Over 1,300 witnesses, including delegations from various organizations and local communities, both proponents and opponents, appeared before the subcommittee concerning projects and matters important to their States and to this Nation. In addition, hundreds of written statements and testimony were received. Altogether, the subcommittee held 34 sessions for the purpose of taking testimony, and 3 executive sessions for the purpose of marking up the bill.

Mr. President, a special word about the increases, because I know that those points will be raised, and should be raised. When we total all these figures together, the total amount reported in the Senate bill runs above the estimate or the budget figure for fiscal year 1975 to the extent of $40,377,000, which is eighty-nine one-hundredths of 1 percent of the entire bill. These figures total, above the fiscal year 1974 amount, $624,-305,000.

Now, as a part of a special explanation of these increases, we run, first, into these environmental costs. We have about $35 million in here in direct costs to meet environmental requirements, connected with dredging, for example. A large amount of that is for dredging, and the way they are going to have to do the work and the disposal of the dredged up and dredged out material. So that direct environmental costs account for about $35 million of the increase; and we find, then, throughout the bill, that general investigations have had added to their amounts about 10 percent for environmental costs, and that preplanning and environmental impact surveys have been responsible for about a 20-percent increase, because of the requirements of ecology or environmental matters. I do not bring that up to the discredit of the environmental requirements at all; I am just accounting for some of the increases in these appropriations.

But in spite of those things, as I say, we have for the entire bill only an eighty-nine one-hundredths of 1 percent increase over the budget figures.

Of the amount that we are over last year, the AEC, Atomic Energy Commission increase takes up $462.7 million, in round figures, of this total increase of $624,305,000. That leaves—and we will come back to the Atomic Energy Commission items in a few minutes—a difference, then, between fiscal year 1974 and fiscal year 1975, as we bring the report in, of only $161.6 million, which is mostly accounted for by increases for Reclamation and Corps water resources development, for the Bonneville Power Administration, and for the TVA revenue-producing activities. In other words, all of those agencies that I have named are revenue-producing, and will return, in time, a great part of the money increases that are in here for them.

Going back, briefly, to the increases for the Atomic Energy Commission, I shall cover those in my formal statement. Before doing so, Mr. President, I want to especially thank the Senator from Oregon (Mr. HATFIELD), who is the ranking minority member of this subcommittee, and I want to especially thank also the Senator from Nevada (Mr. BIBLE), who handled this bill entirely last year when I was absent, and did a great deal of work on it the year before. He held a great number of hearings while the war was still going on in South Vietnam, and it took 6 months to pass the military procurement bill, which kept me here on the floor a good part of that time.

But in addition to that—and I am not saying this because he is leaving, though I regret very much that he is leaving the Senate—he has been a very valuable member of this subcommittee for years, as he has everywhere else that he works. In addition to that, he has handled for several years the Interior Subcommittee on Appropriations which handles that far-reaching Interior appropriation bill. There were others on the committee; the ranking minority member and dean of the Appropriations Committee, the Senator from North Dakota (Mr. YOUNG) rendered a very fine service, as is his pattern. He is one of the most formidable and serviceable members of the Appropriations Committee, and has been over a period years. I remember also the help of the Senator from Oklahoma (Mr. BELLMON).

Mr. President, the committee report explains the recommendations of the committee and I shall not, therefore, endeavor to detail all the action and changes.

The bill as reported and recommended totals $4,567,203,000 in new obligational authority. This represents an increase of $40,377,000, or less than 1 percent over the amended budget request of $4,-526,826,000, and an increase of $91,793,-000, or 2.1 percent over the bill as passed by the House. The House considered budget estimates of $4,412,251,000, or about $114,575,000 less than the amended estimates considered by the Senate. The House passed bill was $63,159,000 over the budget estimates considered by the House.

Mr. President, this is a significant bill—an important bill. It represents a substantial investment in the future of America—and in the future needs of our country and our people, the utmost satisfaction in the work that I do on this bill because I know from experience here and from observation that virtually all

of these funds are not only an investment, but they are a sound investment. They pay off to the Federal Treasury in that they increase the revenue production of the areas affected in the form of increased taxes paid in, and they serve not only this generation but generations to come—many of these projects do.

I have projects in mind that I can illustrate away from my own area of the country. I know many, many years ago I remember when the first reclamation project, one of the early ones, for that area was opened up in Carlsbad, New Mexico, and it made the area in that little town, which it was then, bloom like a rose, and that reclamation project has been extended twice already, as I recall. It has paid for itself on schedule as well as some advance payments, and now is a very thriving, industrious agricultural area of that fine State.

In my own State last year, in spite of the splendid work over the years of the U.S. Army Engineers, we had backwater floods, as we call them, in my State and in Louisiana, some in Arkansas and some up the river. It is estimated that without the flood control protection there would have been damage there approaching some $15 billion whereas the cost to the Federal Government for the last 50-odd years for all that area from St. Louis, Mo., to the mouth of the Mississippi River has been only about $1.8 billion, and that is an illustration, on a larger scale, that most of these matters are an investment.

We have matters in the bill now such as the Atomic Energy Commission, which includes a great deal of research. Some people look upon that as lost money unless we find a golden egg of some kind, but it is just the rocky road that always has to be traveled, especially in the field of science, before we find the real reward. But no programs being carried on in the Government are more important than a great number of those in the Atomic Energy Commission.

Again, I say that this bill is an investment that will pay rich dividends in benefits and services to our people and in economic benefit to the Nation. The purpose of this bill we are considering today is to build a stronger and better America. Appropriations are provided for water resource and power development including nuclear energy. In providing funding for these programs, we assure needed electric power generation, a more adequate water supply, flood control, irrigation, additional and improved waterways for navigation, recreation and other essential services for our expanded population. This bill will also strengthen the defense of our Nation by providing for research, development and production by the Atomic Energy Commission—for military and military-related missions—and for development of nuclear energy for civilian and peaceful purposes.

The bill has five titles, consisting of:

Title I, the Atomic Energy Commission;

Title II, the Corps of Engineers, civil works program;

Title III, the Bureau of Reclamation and Power Agencies of the Department of the Interior;

Title IV, related agencies—power and water resource agencies, including TVA, Appalachia programs, and the Federal Power Commission.

I will briefly discuss the various titles of the bill and the recommendations for each.

Title I—Atomic Energy Commission. For the Atomic Energy Commission, the committee recommends an appropriation of $1,771,665,000, which is a reduction of $32,723,000 below the budget request and $25,250,000 above the House bill. The recommended appropriation of $1,433,960,000 for operating expenses and $337,705,000 for construction and equipment provides more funds to military than nonmilitary activities. However, as Members know and will recall, provisions that normally would be a part of this bill were placed in one package—the special energy research and development appropriation bill for 1975—which was enacted in late June. An amount of $1,486,660,000 was provided in that bill for the expanded and accelerated energy R. & D. program.

Now, that is an extraordinary program and beyond what has been the normal course.

Taking the total AEC budget into account, approximately 42 percent of the budget, in terms of expenditures or costs, goes primarily for military or defense purposes. At the same time it should be made clear that a great amount of the research and development is also applicable to peaceful, civilian purposes. Just as all of the civilian nuclear energy programs came from the defense or military program, we continue to receive these "spin-offs" in the civilian, peaceful activities. I know that we all look forward to the day when the funds required for military purposes can be reduced further.

Mr. President, I can say that I had a chance, took advantage of it, as did other members of the committee, to really get into this program here of the Atomic Energy Commission other than weaponry, and made a close examination of all the major items that are included. I have a statement here that I am going to ask later to be printed in the RECORD which fully explains for any Member's reference in the future or any citizen's reference in the future, the sources of certain income that the Atomic Energy Commission has and how they account for that money and what we have provided here with reference to it.

There are many programs of the Atomic Energy Commission which are not as well known, such as the physical research program which provides for continuing research in high energy physics and other programs on the frontiers of science to develop a better understanding of atomic particles. This year, the National Accelerator Laboratory at Batavia, Ill. was dedicated and the new accelerator reached a current and energy intensity of 400 billion electron volts, making it the highest powered accelerator in the world today. The work at this and other AEC laboratories is providing new insights into the basic constituents of the atomic nucleus which will be key to the continuing development of nuclear energy.

A portion of the AEC's biomedical and environmental research program provides continued funding for the development of an atomic-powered artificial heart and cardiac pacemaker, which would last for many years. It also provides for research in the use of radiation in detecting and treating medical illnesses and other beneficial biological and agricultural applications.

Mr. President, as of June 30, 1974, there were 47 nuclear-powered plant licensed to operate in the United States. This represents, 29,000 megawatts of electricity or about 6 percent of the total U.S. generating capacity. In addition, there are 186 plants being built, planned, or announced by utilities representing 198,000 megawatts of generating power. Forecasts indicate that by the end of 1980, nuclear-powered plants will provide about 15 percent of the total electrical generating capacity in the United States. By the year 2000, nuclear power is expected to provide more than half of the U.S. total. Funds are also provided in this bill, as well as in the special energy R. & D. bill, to produce enriched uranium to operate these nuclear powerplants. Too, I should emphasize that the uranium enrichment operations produce substantial revenues—including major contributions to our Nation's balance of payments—that are accruing to the U.S. Government as a result of the sales of the uranium enriching services. The revenues for these services are estimated to be $547,230,000 in fiscal year 1975 and essentially offset the operating and construction costs associated with enriched uranium production.

Mr. President, I know from discussions with several Senators, that there is concern over what appears to be a rather large increase for AEC in fiscal year 1975 appropriations over the fiscal year 1974 level. As reflected in the report accompanying the bill, and which makes up the bulk of the total increase over the 1974 appropriation. This increase is more apparent than real. Let me briefly review the facts of this matter. As indicated on page 6 of the committee report, AEC's budget estimate for fiscal year 1975 operating expenses for nonenergy related activities is $1,461,633,000 as compared to the fiscal year 1974 appropriation of $916,378,000. The reason for this apparently large increase of $545,255,000 from fiscal year 1974 is that all AEC revenues, as well as the large unobligated balance carried forward—carryover—from fiscal year 1973 to fiscal year 1974, were applied against the nonenergy portion of the AEC appropriation request. Thus, changes in revenues and carryover account for $358,091,000 of this increase.

The budget estimate for revenues in fiscal year 1975 of $669,600,000 is $135,700,000 less than the fiscal year 1974 amount. Since revenues are applied as a reduction to the Agency's appropriation request, the decrease in revenues in fiscal year 1975 has the effect of increasing the fiscal year 1975 appropriation by $135,700,000 over the fiscal year 1974 amount.

Revenues in fiscal year 1974 totaled $805,300,000, which was unusually high as a result of the special sale of 10 million separative work units to Japan

at a price of $320,000,000. Of this amount, $50,800,000 was delivered and taken into revenues at the end of fiscal year 1973; this contributed to the large fiscal year 1973 carryover to fiscal year 1974. The remaining $269,200,000 from the Japanese sale was delivered and taken into revenues in fiscal year 1974; this resulted in usually large revenues for fiscal year 1974.

AEC carried forward an unobligated fiscal year 1973 balance of $222,391,000 into fiscal year 1974 which was used to reduce the Agency's fiscal year 1974 appropriation. This unusual carryover resulted primarily from a slippage in the obligation of the Clinch River demonstration plant contract from fiscal year 1973 to fiscal year 1974—$92,450,000—increases in revenues over the budgeted amount—$65,558,000, which includes $50,800,000 from the Japanese sale—and reductions in programs as a result of the administration's efforts to reduce fiscal 1973 Federal outlays.

A more appropriate indication of the change in nonenergy related activities would be the change in total obligations between fiscal year 1974 and fiscal 1975. The fiscal year 1975 budget estimate is $2,131,233,000, an increase of $187,732,000 over the fiscal year 1974 level of $2,943,501,000. Of this, $77.7 million represents the increased cost of electric power for uranium enrichment operations. The remaining $110 million represents an increase of approximately 56 percent which, in view of inflation, would in effect keep the nonenergy related program activity in fiscal year 1975 at about the fiscal year 1974 level.

The recent, sharp rise in prices due to the oil embargo and other inflationary factors has resulted in substantially higher cost projections for the fiscal year 1975 AEC program than provided in the budget now before us. Price increases of 15 to 20 percent for materials and supplies; 20 to 60 percent for such items as aluminum, steel, copper, and plastics; 15 to 25 percent for electronic items; and 25 to 150 percent for utilities and fuel costs are being experienced. For example, since September 1973, the AEC Brookhaven National Laboratory has experienced a 70-percent increase in the cost of electric power and 150 percent in the cost of fuel oil. For this laboratory alone, the cost of electricity will be about $2.5 million higher in fiscal year 1975 than in fiscal year 1974, even though the total amount of electricity used will be slightly lower. In addition, many of the contractors have already and must renegotiate craft labor agreements this summer of 1974. Negotiations to date confirm that wage settlements will be substantially higher than anticipated in the fiscal year 1974 budget. Of course, this is a problem that cuts across the board in our whole economy.

Mr. President, this is ordinarily thought of as the public works bill for the U.S. Army Corps of Engineers and Bureau of Reclamation. The total sum for the corps' civil works program, nationwide, including Alaska and Hawaii, is $1,729,980,000, which is $33,759,000 less than the 1974 level, $113.7 million more than the budget estimates, and $34.9 million over the House allowance.

The committee recommends $67,847,000 for general investigations by the corps; $984,838,000 for construction; $166,618,000 for flood control measures for the Mississippi River and tributaries; and $455,877,000 for general operation and maintenance. It is interesting to note that the total budget request for construction—$927,500,000—is less than $50 million over the budget request in 1965—10 years ago—although construction costs have doubled during that period of time. That is a significant point to remember, and in other words, should indicate that the committee recommendation is a realistic, hard rock amount based on the needs and priorities.

As in the past, the committee prefers not to make specific allocations of its increases to individual studies, investigations, or surveys. It desires, however, to call to the attention of the Corps of Engineers, the testimony concerning the need for initiating unbudgeted surveys and increases in budgeted studies.

The report carries the specific allocations recomemnded for each project in the construction, general appropriation, which includes preconstruction planning.

For the flood control, Mississippi River and tributaries project, the committee's allocations are likewise listed in the report. Let me say that the importance of the M.R. & T. project can be realized when one considers that the drainage from almost half of the area of the continental United States funnels through the Mississippi River and its tributaries.

Now, Mr. President, the civil works program of the Corps of Engineers deals primarily with improvements for navigation, flood control, water supply, beach erosion, recreation and, of course, hydroelectric power. Priority attention and funding to the capability level is provided for hydroelectric power projects in recognition of the energy crisis. Why, one might ask? A good example of the benefits from hydropower projects is, that in fiscal year 1973, the Federal hydroelectric power projects in the Pacific Northwest alone generated electric energy equivalent to 100 million barrels of oil. In light of present energy problems, that is most important, and it is gratifying to know that it comes from replenishable falling water, rather than from scarce oil or natural gas. The Nation now reaps important benefits because of the foresight in supporting and developing those projects.

Now, Mr. President, one shudders to think where the West would be, the great Midwest, the Rocky Mountain West, and the Far West, the Pacific coast, without the benefit of these hydroelectric generating plants, all of which have proven successful, all of which have proven to have been self-sustaining, and all of which are paying back the costs of construction or a major part of it, all of that part attributed to hydroelectric power, paying it back to the Treasury, and many of those payments being with interest.

That is just one example, and it applies to the Bureau of Reclamation projects also.

TITLE III—BUREAU OF RECLAMATION

For the Bureau of Reclamation, the committee is recommending $473,887,000, an amount that is $10,215,000 over the House allowance and $46,793,000 below the amended budget estimates. The decrease below the budget estimate reflects the committee's decision to provide annual funding for the recently enacted Colorado River Basin salinity control projects rather than the large, one-time, lump-sum appropriation requested under the new act. The committee's action is fully explained on pages 56 and 57 of the report.

The total Bureau of Reclamation appropriation includes $19,651,000 for general investigations; $247,490,000 for construction and rehabilitation; $97 million for operation and maintenance; $24,771,000 for the Upper Colorado River storage project; $22,600,000 for the Colorado River Basin project; and a $32,800,000 appropriation to liquidate contract authority. The loan program, emergency fund, and general administrative expenses are also provided for within the total amount. The water resource program of the Bureau, while similar to that of the corps, is primarily concerned with irrigation for family-type farms. Bureau projects, in addition to irrigation, provide storage for municipal and industrial water supply, power, flood control, and recreation. Although the direct irrigation benefits are vital to the irrigator who repays the cost of the irrigation works, without interest, over a period of years, the greatest benefit of the reclamation program has been its stimulation of rural development and regional economic stability. A more diversified agriculture increases the income flow and business activity in an area. This, in turn, stabilizes the population of rural areas and brings prosperity and a better life to both city and farm populations alike. In most of the areas of the West, nothing happened, and nothing could happen, until the basic resources of land and water were brought together through the reclamation program. Irrigation formed the stable base upon which much of the West was developed and sustained. News reports of the last few days have also brought to our attention, the severe drought that is occurring in many areas upon which our Nation depends heavily for feed and crop production. This is a most disturbing element and could end up in a heavy and disastrous blow to our food production and the cost of food. We should be thankful that we have irrigation in some of the areas of the West and Midwest where bountiful crops are predicted. And, this bill contains funds necessary to continue this important reclamation program during fiscal year 1975. As in the case of the corps hydro projects, funds are provided to the full capability on Bureau hydropower projects in order to expedite the power on the line of this clean power source to help ease the energy problems facing our Nation.

Also, under title III, Department of the Interior, funds are provided for the power agencies, which market and transmit the power produced at the Federal hydro projects. Included in the committee recommendation is the $20 million budget amendment for the Bonneville Power Administration which was not considered by the House.

TITLE IV—INDEPENDENT AGENCIES

A total of $415,510,000 is recommended for the related independent agencies, an increase of $5,834,000 over the budget and $400,000 over the House allowance.

Of this total amount, $293,500,000 is recommended for the Appalachian regional development programs, which continue to have positive and beneficial impact in the 13 State Appalachian region. One hundred and sixty million dollars of this appropriation is for highway construction, and $125 million is for the area development program authorized by Congress, which includes four programs previously funded separately—health demonstration, mine restoration, vocational education, and supplemental grants. The program will now provide the flexibility to meet the needs and requirements of each State under its allocated share. There is no change in the basic requirement that individual project recommendations from the respective States must be received, and then the individual project must be approved by the entire Commission.

The committee recommendation includes $32,100,000 for the Federal Power Commission, which, as members know, is the regulatory agency administering the several provisions of the Federal Power Act and the Natural Gas Act. The FPC also performs other work related to both Federal and private electric power development and associated natural resources.

The committee is recommending an appropriation of $77,400,000 for the Tennessee Valley Authority, the same as the House allowance and an increase of $2.8 million over the budget. Appropriations to TVA are limited to the water resources development program and related activities normally financed by the Federal Government. Its power projects are financed from electric power revenues through the sale of bonds and notes as authorized by Congress.

Funds are also included for the Water Resources Council and a number of river basin commissions, as authorized by law. All of these activities are enumerated in the report.

This, then, Mr. President, is a brief summary of the bill as recommended by the committee.

PROGRAM ACCOMPLISHMENTS, PROBLEMS, AND COSTS

Now, before yielding, I would like to make a few additional observations about some of the programs funded by this bill, about some of the accomplishments and problems confronting these programs, and present some facts and information in justification of the committee's recommendation. Mr. President, this bill has been carefully gone over, as it was in the House. I believe that it represents a sound and balanced program for these agencies in this highly constructive and productive work that has meant, and will mean, so much to the economy and welfare of our Nation, and to future generations.

It was on May 24, 1824, that President James Monroe signed an appropriation bill providing $75,000 to improve navigation on the Ohio and Mississippi Rivers. This past May 24, 1974 marked the 150th anniversary of the civil works program of the Army Corps of Engineers. The historical record of accomplishment under the corps' civil works program, and the Bureau of Reclamation's programs, too, have been substantial and responsive to the expanding needs of our Nation. The investments in water resource projects already built have been repaid many times over. Flood control works have brought security from the ravages of floods to hundreds of cities and towns and saved the alluvial valley of the Mississippi from disastrous overflows—most recently demonstrated by last year's experience. It is estimated that $15 billion in damages were prevented by the Mississippi River Flood control system alone during just last year's flooding. The total Federal investment over the years is about $1.9 billion—and one can plainly see, that is an excellent benefit-to-cost ratio.

Another item of interest relative to flood damages and benefits is that during the first half of the calendar year 1974, several major flood events occurred. In January, over the Pacific Northwest States and California; in April, over the Pearl and Pascagoula Rivers; in the State which I have the honor to represent; and in June, over the gulf coast of Florida. Total flood damages experienced so far this year are estimated to be $419 million, which is about 30 percent higher than the 20-year, 1951–70, national average flood loss adjusted to the 1974 price index. Although above average flooding has resulted, the effects of corps' civil works projects on reducing damages relate a more dramatic picture. The total benefits during this 6-month period from corps projects are estimated to approach $7 billion, more than twice the average flood benefits for an entire year. The Mississippi River and tributaries projects have accounted for the bulk of these benefits, once again avoiding a serious flood along the mighty Mississippi River.

Now, in addition to flood control benefits, let me mention a few other benefits. Deep-draft harbors have opened the cities of our seacoasts and great lakes to the flow of international commerce, and inland waterways have linked vast internal regions together through an effective low-cost transportation system. Hydroelectric installations have provided a clean source of power at low cost to millions, utilizing a renewable resource—falling water. Water supply storage has provided for municipal, industrial and agricultural development and serves as an invaluable insurance against drought conditions. Such beneficial effects of the investments made, have played an important role in the development of major regions of the Nation such as the Ohio, Arkansas, Colorado, Mississippi, and Columbia River Basins. The present value to the Nation of completed projects for water supply, power development, flood control, navigation, reclamation and recreation is evident from the following data:

Annual water supply benefits: 10,668 billion gallons of water furnished, 20 million people served.

Annual power benefits: 43.6 million kilowatts installed capacity, 218 million net kilowatt hours generated, $1.1 billion in gross revenues.

Flood control benefits to date: $39.6 billion estimated value of damage prevented, $7.5 billion expenditures for flood control works.

Annual navigation benefits: 1.6 billion annual traffic tonnage.

Reclamation benefits: 9 million acres irrigated, $2.5 billion annual value of crops produced.

Recreation benefits: 426 million annual visitor days.

The estimated average annual benefits for projects funded in this bill before us totals about $6,355,722,000. That total includes the following major benefits:

[*In billions*]

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|---|---|
| Flood control | $2.8 |
| Water supply | $216 |
| Power | $920 |
| Irrigation | $796 |
| Navigation | $1.1 |
| Recreation | $263 |

Again, to summarize these are the estimated average benefits expected to accrue annually over the life of the projects funded in the bill.

Mr. President, it is evident from the debates on some of the appropriation bills preceding this bill on the floor, that there is much concern over the level of appropriations recommended. For this Public Works-AEC appropriation bill, let us briefly examine this aspect.

As shown on the front of the report, this bill is $40.3 million over the budget estimates, an increase of less than 1 percent—eighty-nine one-hundredths of 1 percent.

This increase can be attributed to increases recommended both for on-going projects—under construction already and for a selected, small number of unbudgeted new projects. The budget request was almost entirely for projects under construction or in the planning process already, with only two new, major construction starts. As I indicated earlier in my remarks, the committee has exercised its judgment and discretion in recommending funds for the full capability for hydroelectric power projects of the corps and Bureau of Reclamation. Additionally, a small number of projects were selected for increased funding. These projects deal with needed water supply, flood control, irrigation, and water transportation—priorities which we thought should be met to the extent possible and prudent. As I said earlier, another matter that enters into the total picture is that approximately $35 million of the fiscal year 1975 budget is directly related to the relatively new environmental laws and requirements. That is not to be considered as being against these new requirements, as many of these environmental actions must be taken.

In the general investigations category, environmental considerations have resulted in an approximately 10-percent increase in costs. For the planning category, there is about a 20-percent increase in cost. Additionally, this increase in costs carries over into engineering and design during construction, in the reformulation of projects, in construction changes, delays occasioned thereby, and so forth, all having an impact on increasing the costs.

Taking all of these matters into con-

sideration, and for the value and benefits received in return, I do not believe that this 1-percent increase over the budget estimates is too much.

Another figure of concern to some, as shown on the front of the report, is the bill amount over the fiscal year 1974 appropriation—which shows an increase of $624,305,000. This increase is more apparent than real. Now, I have already explained earlier in my remarks the impact and reason for $462,704,000 of this total amount, which comes under the Atomic Energy Commission part of the bill. The remaining $161.6 million of this amount is under the water resource development and power agency programs. Again, these figures are somewhat misleading. Excepting the increases for the Bureau of Reclamation, TVA, and the Bonneville Power Administration, there is no real significant change in the fiscal year 1975 over fiscal year 1974 level. For example, the Corps of Engineers budget would actually be substantially more than the $33.7 million reduction shown, in comparison to the total fiscal year 1974 appropriations to date, if the $116 million in fiscal year 1973 appropriations which were placed in reserve and carried over into the fiscal year 1974 budget program were included in the 1974 appropriation figures. Actually, the 1975 amount would be a decrease of about $150 million less than the fiscal year 1974 level.

I wanted to point these matters out, so that Members could get the total picture of this apparently large increase over the 1974 appropriations.

Mr. President, this is an important bill—a good bill—I urge its prompt approval.

Mr. President, I think of our Nation in terms of employment; I think of it in terms of military security; I think of it in terms of recreation, or in any other major way. One cannot think of it any more without the benefit of all of these expenditures for our country that have passed through this Chamber in the form of these appropriation and authorization bills.

I call the Members' special attention to the committee report on this bill. It is something for which our staff, in particular, is entitled to a great deal of credit. It is a contribution to the legislative history of all of these projects and the place they have in the economy and the national security and elsewhere.

On the Colorado River Basin salinity control projects, we are all indebted to the Senator from Montana (Mr. MANSFIELD) for the leading part he played and great work that he did in bringing about this agreement. It applies, as Senators know, to Mexico. Mr. President, we shall be glad to answer any questions about the way the committee handled this matter. I have already referred to it and its value and the hydroelectric projects within its area. The Senator from Washington is quite familiar with them and undoubtedly will comment on them.

Mr. President, I mentioned that these agencies—and we took testimony from all of them and the programs are an essential part of our economy—produce revenue. There is no doubt about that. They increase the productive capacity of the areas that they serve, or where they are located, and undoubtedly contribute to the gross national project and the revenue that is paid into the Treasury. I also refer to the Appalachian regional development program; to the Federal Power Commission, which is a regulatory Agency; to the Tennessee Valley Authority, which is a well-established and a going concern and has served greatly over the last part of a century, almost a third of a century. Our recommendations are just about what the budget figure is.

One other word regarding the work of the U.S. Army Engineers. There was a so-called clash or conflict of a kind when we first started out on the ecology requirements. I watched with the greatest interest and admiration how these talented people adjusted to the new situation that they were confronted with, gladly and willingly, giving them a little time to do it. They did adjust to it and took great strides forward, then, with their ingenuity and their experience in carrying out these new, added requirements.

Mr. President, I ask unanimous consent to have printed in the RECORD the general summary about the Corps of Engineers, which appears on page 17 of the report of the Committee on Appropriations.

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

On May 24, 1824, President James Monroe provided $75,000 for the Corps' first navigation project to conduct experiments to determine the best way to remove shoals in the Ohio River and Mississippi River.

On May 24, 1974, the U.S. Army Corps of Engineers celebrated the 150th anniversary of the Civil Works program. During these last 150 years, the Civil Works Program has stimulated economic growth, provided multiple benefits to the American people, and has contributed significantly to the building of a stronger and better America.

Since that time in 1824, the Corps has continually provided its talents to the development of the Nation's water resources. For example, the Corps has built, operates and manages nearly 400 lakes; has established more than 450 State, county and municipal parks and over 150 fish and wildlife management areas. Flood control projects developed by the Corps have saved countless lives and prevented billions of dollars in property damages and devastation.

The program also includes, among many other services and work, navigation, irrigation, hydroelectric power, water supply, recreation, and fish and wildlife conservation projects—projects and works from which we all draw benefits every hour of every day, in such a way as also to yield extra environmental benefits.

Mr. STENNIS. Mr. President, I will be happy to try to answer any questions that Senators may have, as will other members of the committee, but I hope the Chair will see fit to recognize the Senator from Oregon. At this time I yield the floor, again thanking the Senator from Oregon for his work on the subcommittee.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. HATFIELD. Mr. President, the distinguished chairman of the subcommittee (Mr. STENNIS) has done his usual competent job in explaining this bill. I want to give my personal tribute to our chairman for the outstanding work he has done throughout the hearings and markups of this legislation. He has been very kind and courteous to me and the other members of the committee, and I am sure those members share my sentiments.

I also wish to pay special tribute to Proctor Jones, the staff member for the majority, and Jim Bond, the staff member for the minority who, along with their colleagues, performed outstanding staff work on this bill.

Mr. President, this is the bill that provides the funds for water and power development, the Atomic Energy Commission, the Bureau of Reclamation and other small independent offices. The total new budget obligational authority provided for in this bill is $4,567,203,000 an amount that is $40,377,000 over the budget.

We are recommending an appropriation of $1,771,665,000 for the Atomic Energy Commission, which is $32,723,000 under the President's budget. Included in our recommendations are funds for the nuclear materials program, the weapons program, naval reactor development, applied energy technology, space nuclear systems and physical research programs, the biomedical and environmental research and safety program, and regulation activities. Our recommendation will provide needed increases, over the appropriation for fiscal year 1974, for regulation activities, physical research, and the biomedical and environmental research and safety program.

Mr. President, as my colleagues know, a large portion of the total funds available to the Atomic Energy Commission for fiscal year 1975 have been provided in the special energy research and development appropriations bill.

Mr. President, the civil works program of the U.S. Army Corps of Engineers presented the committee with its usual difficulties. On one hand it was our desire to fund needed and desired hydroelectric and flood protection projects, while at the same time not "busting" the budget by recommending all the increases suggested by our colleagues and others. This was not an easy task. The total requests considered by the committee were between $400 and $500 million over the budget. Mr. President, I repeat—between $400 and $500 million over the budget. Considering this, I believe the committee has been responsive and responsible in its recommendations to the Senate. The funds provided under this title will provide a source of energy that is both clean and renewable, protection of life and property from the ravages of flood, recreation areas for our people, and water for irrigation and human consumption. I believe the increases that we have provided are fully justified.

Mr. President, the funds provided under title III of the bill are for the Bureau of Reclamation. These funds are used for general investigations, construction, and rehabilitation and for the operation and maintenance of Bureau projects for irri-

gation, power, and municipal and industrial water supplies. While we continue to progress in these areas, the committee is recommending an appropriation that is $46,793,000 below the budget.

The final recommendations in the bill are for the various power administrations and regional commissions. The committee's suggestions are substantially in line with the budget.

Mr. President, the committee has worked hard on this bill and has attempted to be as fair and responsible as possible to all the Members of the Senate. Again, I thank and commend the distinguished Senator from Mississippi.

Mr. President, I urge adoption of the Public Works-Atomic Energy Commission appropriations bill for fiscal year 1975 as reported by the Committee on Appropriations.

The PRESIDING OFFICER. Who yields time?

Mr. HATFIELD. Mr. President, I ask unanimous consent that Kelley Kosley be accorded the privilege of the floor during the debate and votes on the public works appropriation bill.

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

Mr. HATFIELD. I yield the floor.

Mr. STENNIS. Mr. President, I thank the Senator again for his work and his kind remarks.

Am I recognized, Mr. President?

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. I yield to the Senator from Nebraska who has a question about one of these programs.

Mr. HRUSKA. Mr. President, the chairman of the committee will recall that in the committee sessions there was discussion of the bank stabilization program which was authorized, I believe, in the Stream Bank Erosion Control Evaluation and Demonstration Act earlier this year. That was an enabling act. There are some 12 or 15 demonstration projects along this line that have been on file for some time. One of them is located on the banks of the Missouri River toward the northern border of my State of Nebraska and below Yankton, S. Dak.

The Corps of Engineers has indicated they had a capability of some $70,000 for planning there.

I would like to review briefly with the chairman of the subcommittee what the situation is with reference to future progress in getting this program funded and actually on line.

Mr. STENNIS. I appreciate the interest of the Senator from Nebraska. He is alert on this matter. I am familiar with it, too, because we have the problem in my State and in surrounding States.

That is a new authorization to which the Senator has referred. It was just passed this year, as the Senator said. We really did not get into any proof on these projects, except in a general way, those that are under the new authorization; $25 million was authorized for nationwide demonstration projects. That is to be spread around over the country.

The bank stabilization program, to which the Senator specifically referred, is already a going concern in his State, as he doubtless knows. There is nothing in this bill in the way of new funds, but from previous funds made available Engineers will be using at least $50,000.

Mr. HRUSKA. In that range?

Mr. STENNIS. Yes, within the range of $50,000. That will continue the work, even though it is somewhat less than their capability. They are continuing to make progress. I know that the Senator's State will benefit from the work.

Mr. HRUSKA. What would be the timetable on implementing this authorization act? Is there any possibility at all of getting into a supplemental consideration of these projects?

Mr. STENNIS. We want to have some more information and a hearing first, so we will know where we are. There is going to be a manifestation of a great deal of interest from the different areas.

Yes, it is entirely possible that we can take a complete look into this and then in a supplemental appropriation bill, we would be interested in putting in some money. We hope the facts will justify us making a request to at least make a start and get these matters going.

The project to which the Senator specifically referred is not going to stop; it will continue.

Mr. HRUSKA. It is a typical situation. I am in sympathy with the chairman's desire to proceed on a proper justification for each specific location. That is necessary, because otherwise we get into the situation, perhaps, of wasting some funds and then lacking assignment of funds for some highly necessary situations. I am glad to hear him say that we will proceed in the subcommittee to a consideration of these various projects, and as early as we possibly can relieve some of these very dire situations.

Mr. STENNIS. I thank the Senator for his interest. When the authorization committees give a general authorization, that puts the bee on the Appropriations Committee to dig into the facts. They not only have to justify them on the merits, but justify their apportionment of the money. We will get into it.

Mr. HRUSKA. I thank the Senator very much for his explanation.

Mr. STENNIS. I thank the Senator from Nebraska for his interest.

I yield to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I ask unanimous consent that David Clanton, staff member of Senator GRIFFIN, be permitted the privilege of the floor during the debate and votes on this bill.

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

Mr. STENNIS. Mr. President, the bill is open to amendments. There is some expression of interest about an amendment of the Senator from Wisconsin.

Mr. President, before I proceed, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall have been considered to have been waived by agreeing to this request.

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

The committee amendments agreed to en bloc are as follows:

On page 2, in line 20, strike out "$1,428,760,000" and insert in lieu thereof "$1,433,960,000".

On page 3, in line 21, strike out "$317,655,000" and insert in lieu thereof "$337,705,000".

On page 5, in line 1, strike out "$61,542,000" and insert in lieu thereof "$67,847,000".

On page 5, in line 3, strike out "Bureau of Sport Fisheries and Wildlife" and insert in lieu thereof "U.S. Fish and Wildlife Service".

On page 5, in line 19, strike out "$988,533,000" and insert in lieu thereof "$984,838,000".

On page 6, in line 2, strike out "Bureau of Sport Fisheries and Wildlife" and insert in lieu thereof "U.S. Fish and Wildlife Service".

On page 6, in line 14, strike out "$150,000,000" and insert in lieu thereof "$166,618,000".

On page 7, in line 12, strike out "$440,877,000" and insert in lieu thereof "$455,877,000".

On page 8, in line 6, strike out "$300,000" and insert in lieu thereof "$1,000,000".

On page 8, in line 9, strike out "4601" and insert in lieu thereof "4601".

On page 9, in line 3, strike out "$228,000,000" and insert in lieu thereof "$229,000,000".

On page 9, in line 17, strike out "$18,536,000" and insert in lieu thereof "$19,651,000".

On page 9, in line 21, strike out "$250,000" and insert in lieu thereof "$450,000".

On page 9, in line 22, strike out "Bureau of Sport Fisheries and Wildlife" and insert in lieu thereof "U.S. Fish and Wildlife Service".

On page 10, in line 9, strike out "$261,160,000" and insert in lieu thereof "$247,490,000".

On page 11, in line 9, strike out "$24,251,000" and insert in lieu thereof "$24,771,000".

On page 11, in line 10, strike out "$22,597,000" and insert in lieu thereof "$23,117,000".

On page 12, in line 2, strike out "$60,800,000" and insert in lieu thereof "$55,400,000".

On page 12, beginning at line 6, insert the following new language:

COLORADO RIVER BASIN SALINITY CONTROL PROJECTS

For construction, operation and maintenance of projects authorized by the Act of June 24, 1974, Public Law 93-320, to remain available until expended, $27,650,000.

On page 12, at the end of line 24 after "year", insert a colon and the following new language:

*Provided further*, That no part of the funds appropriated herein shall be used directly or indirectly for the operation of the Newlands Reclamation project in the State of Nevada

On page 17, in line 24, strike out "Bureau of Sport Fisheries and Wildlife" and insert in lieu thereof "U.S. Fish and Wildlife Service".

On page 18, at the beginning line 11, strike out "$108,000,000" and insert in lieu thereof "$129,000,000".

On page 24, in line 16, strike out "$9,775,000" and insert in lieu thereof "$10,175,000".

On page 24, in line 20, strike out "$2,183,000" and insert in lieu thereof "$2,583,000".

Mr. STENNIS. Mr. President, I know the Senator from Wisconsin has an amendment. I understood the Senator from Florida has an amendment, and there may be others. The majority leader could not be here just now, and I do not propose to assume his role. I am going to suggest the absence of a quorum, the time to be equally charged to both sides, and request that the Chair direct the officers of the Senate to let these parties

know that we are ready for their amendments.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STENNIS. 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. STENNIS. Mr. President, just as manager of the bill, let me say that we do not have anyone here who is offering any more amendments.

Mr. CASE. I may have.

Mr. STENNIS. Well, Mr. President, there is going to be a proposal now to recommit this bill to the committee to make overall reductions.

There is a prospective matter here from the Senator from New Jersey who has been very efficiently presenting these matters. There are prospective matters here.

We have to again urge that those who have amendments come and present them, otherwise we will have to call for a third reading, although we do not want to cut off anyone.

Mr. President, I yield 3 minutes to the Senator from Vermont, on another matter.

The PRESIDING OFFICER. The Senator from Vermont.

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## CONSUMER INTERESTS

Mr. AIKEN. Mr. President, I am very much interested in and in favor of any legislation which protects consumer interests, but I have been looking quite carefully over the bill which is now pending before the Senate, and I went back to an address given in the House on September 17, 1973, by Representative ROSENTHAL which explains, rather in detail, how this bill would affect agricultural interests.

It would permit intervention and participation in Federal agency proceedings on behalf of the consumer interests, which are very broadly defined, and these are the operations of the Department of Agriculture, which intervention would be permitted.

First, Agricultural Stabilization Conservation Service, including its county committees; second, Export Marketing Service; third, Interagency Commodity Estimates Committee; fourth, Economic Research Service; fifth, Foreign Agriculture Service; sixth, milk price proceedings; seventh, USDA livestock standardization section.

It would also permit intervention on these programs which are held to affect consumer interests:

Production of feed grain, acreage production restrictions and allotments, marketing quotas, land use programs, grain sales, import controls and export policies, price market and farm income stabilization.

This bill, as now written, would permit the consumer interests to intervene on practically every activity of the Department of Agriculture in its efforts to increase the food supply of this Nation. I think we should consider this very carefully before deciding our position on this bill.

As I say, the information which I have given you has been obtained from Representative ROSENTHAL's remarks as pertaining to agriculture printed in the September 17, 1973, CONGRESSIONAL RECORD, on page E5821 and which I ask to have included at the end of my remarks.

It would be almost disastrous for the Department of Agriculture if this should pass as now printed. We only need one Secretary of Agriculture and giving the right of intervention as provided for in this bill would almost certainly prove harmful to our trade with other countries as well as food production in the United States.

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

### FOOD PRICES AND AVAILABILITY

It is clear to me from constituent mail and from national opinion polls, that the cost of living in general and the cost of food in particular are the major problems facing consumers today. Because the CPA is designed to assure that government decisions are responsive to consumer needs, it might be useful to examine the process by which those decisions influence the cost and availability of food and to determine the role, if any, that consumers play in the making of these decisions. I am not speaking now about decisions of the Cost of Living Council which are generally responsive to more basic economic decisions already made; but rather, to the decisions of the Department of Agriculture and a handful of other agencies that largely pre-determine the supply and cost of food in the first instance.

Department of Agriculture decisions relating to acreage production restrictions, import controls and export policies are all central to the availability and price of food to the public; and the Agricultural Stabilization and Conservation Service (ASCS), together with the Export Marketing Service, exercise enormous influence over those decisions. While grain sales, import restrictions, set asides and the like are approved at the highest levels of government and often involve foreign policy considerations, the USDA bureaucracy does influence those decisions by the information and data it provides on land-use programs designed for voluntary production adjustment, resource protection, and price, market and farm income stabilization.

How does this intricate system develop the data that the policy-makers need to make their agriculture policy decisions and what role does the consumer play? It operates through a system of state and local agricultural committees, supervised by appointees of the Secretary of Agriculture. In each of the approximately 2900 agricultural counties across America, a County Committee of three farmer members is responsible for local administration. In communities within a county, a community committee is elected annually by farmers to assist the county chairman. About 65,000 farmers throughout the country regularly serve as county or community committeemen.

The point here is that these committees are comprised entirely of farmers and that they influence and administer important programs vital to consumers such as feed grain programs, acreage allotments, marketing quotas and long-term retirement programs. There are no consumers and no consumer representation involved in this process.

In Washington, administration decisions relating to export controls, acreage production, farm prices and the like are based on reports and studies from the Department of Agriculture's Inter-agency Commodity Estimates Committee, chaired by the Administrator of the Agricultural Stabilization and Conservation Service. The various food commodity committees which comprise the Interagency Estimates Committee have members from USDA's Export Marketing Service, Economic Research Service and the Foreign Agricultural Service. The function of this group is to make official estimates to the Secretary of Agriculture on agricultural stocks, production, price evaluations, import needs, and domestic consumption requirements.

The point I wish to make here is that this intricate apparatus—the ASCS state and local Committees and the Commodity Estimates group in Washington—provides important data input to the Secretary of Agriculture out of which emerges official policy on exports, imports, acreage production restrictions, marketing orders and the like. Most importantly, this apparatus is closed to consumers and even unknown to the public at large.

A closely related example of how consumers are shut out of the Department of Agriculture's decision-making process is that the Foreign Agriculture Service at this very moment, is actively engaged in spending tax dollars to promote the sale abroad of agricultural commodities, like soybeans and wheat, that are in short supply here.

Let us hope that there won't always be a food price emergency. But so long as meaningful consumer representation is absent from the process by which agricultural policy is established, food prices will continue to rise and food quality will continue to deteriorate.

### MILK PRICE INCREASES

On September 4, 1973, the Department of Agriculture announced a major increase in the minimum price that must be paid to farmers for milk, from $5.78 to $6.38 per hundred weight. This 13% increase followed three days of milk marketing hearings in Clayton, Missouri. As a consequence of this ordered increase, milk prices are expected to rise 2¢ a quart at retail in many places across the country. It is not my purpose to argue the merits of the increase. I would like to point out, however, that of the 45 witnesses at the Department of Agriculture hearings, *none* were appearing as consumers or as representatives of consumer organizations. Milk producer associations, dairy cooperatives, state departments of agriculture, dairymen, milk processors and food manufacturers were all represented—but not consumers.

### LOWERING THE QUALITY GRADE REQUIREMENTS FOR VEAL AND CALF MEAT

On November 24, 1971, in an action that can only be characterized as being akin to putting a Dior label on a ready-to-wear dress, the Department of Agriculture lowered the quality grade standard for veal and calf meat. Under the revision, meat formerly graded "choice" was upgraded to "prime," "good" was upgraded to "choice," "standard" to "good," "utility" to "standard." According to the Department's Livestock Standardization Section, the change was initiated by the Western State Meatpackers Association as a result of increases in the cost of milk, which is fed to calves.

Of the many comments received by the Department of Agriculture, prior to the proposal becoming final, only three were in opposition to a lowering of the standards—all from individual consumers. The rest were from agri-business interests. The head of USDA's Standardization Section characterized these comments, as follows: "All we can go by is what we hear from the public. And we would give more weight to someone like a meat scientist or a trade association than an individual consumer who obviously knows nothing very much about the problem."

A similar kind of disdain for the views of consumers was reflected in a September 12,

1972 decision of the Department of Agriculture to permit the use of sodium acid pyrophosphate in sausage products to speed curing. Although most of the 447 comments submitted to the Department on its proposal were from individual consumers in opposition to the plan, the Department approved use of the additive by noting that "most of the comments consisted of opinions without supportive data or information."

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## PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ATOMIC ENERGY COMMISSION APPROPRIATIONS, 1975

The Senate continued with the consideration of the bill (H.R. 15155) making appropriations for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration, and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes.

The PRESIDING OFFICER. Who yields time?

Mr. HATFIELD. Mr. President, I yield 5 minutes to the Senator from Kansas.

### TOMAHAWK AND INDIAN LAKES

Mr. PEARSON. Mr. President, Indian and Tomahawk Reservoirs in Johnson County, Kans., are part of the Blue River Basin project, authorized by the Congress in 1970. When completed, the Blue River Basin project will provide needed flood control for the entire metropolitan Kansas City area.

Because these two reservoirs originally had marginal benefit-cost ratios, the Congress directed a restudy to determine whether further funding was justified. This restudy was not completed in time to incorporate these reservoirs into the regular budget process. Therefore, the President's budget request does not include funds for the advanced engineering and design phase. And although the study has been finished for some time, it was not officially approved by the Corps until recently and the Appropriations Committee did not have the benefit of this new and significant data when it considered H.R. 15155.

I am pleased to report that the Corps has now reported that the benefit-cost ratio for Tomahawk is 2.7 to 1.0 and the Indian ratio is 2/6 to 1.0.

Tomahawk and Indian Reservoirs are located in rapidly expanding suburban areas of Johnson County. The value of this land continues to climb and local authorities are anxious to push ahead with the planning on these projects. But they feel that they need some positive action by the Federal Government to discourage development in the project area. And I agree.

In considering the need for this project, the House approved the necessary funds for this planning.

I believe the current water supply situation in Johnson County should be noted for consideration in this matter.

Mr. President, a partial, voluntary water rationing program is now in effect in Johnson County. Many areas are on an even/odd system for watering lawns. For example, residents with even numbered addresses can water on even numbered days and odd numbered addresses can water on odd numbered days. And there is no watering on weekends. I want to point out that the Tomahawk Reservoir's annual benefits include $265,000 for water supply. And Johnson County needs that benefit as soon as possible.

This privilege of lawn watering might be considered somewhat of a luxury, but the area now is undergoing one of the worst droughts ever experienced in the Midwest, comparable to, I am advised, the great drought in the Midwest in the 1934–1936 time.

I hope that the managers of this bill, the distinguished Senator from Mississippi and the distinguished Senator from Oregon, who have shown such a deep understanding and appreciation of these projects which constitute capital investments in our country and in our communities, take notice of this new benefit-cost ratio report by the corps. I hope they take notice also, as I am sure they will and are compelled to do so, that this particular item is included in the House bill. Therefore with the information that we now are able to supply the committee, unfortunately having to do so here on the floor of the Senate because it was not available at the time, I am going to forgo bringing up any sort of amendment today for the reason that it is in the House bill and because the committee reports, the Corps reports, are available here.

I hope that the managers of the bill respond with some appreciation and recognition of the new information. This is a project desperately needed to proceed at this time in Kansas.

Mr. President, the Corps reports that it has a capability of $150,000 for Tomahawk and $50,000 for Indian. These reservoirs are very important to the success of the entire Blue River Basin project. I fear that no funds in the fiscal 1975 budget could eliminate one or both of these reservoirs from further consideration.

I urge the Senate to adopt this amendment and include these funds in H.R. 15155 as well.

Mr. STENNIS. Mr. President, I thank the Senator from Kansas for his remarks. There may be some other remarks about these projects by other Senators; but, Mr. President, I hasten to assure the Senator from Kansas that it was only this morning that we received this official communication about these projects having been restudied and reevaluated, and the cost-to-benefit ratio having been favorably reported and approved.

We will be glad, in conference, to consider those new facts, which are very favorable to the project.

Incidentally, I have been reading something about the distressing situation in Kansas with reference to cattle, the drought, and so on.

Mr. President, we have applied the same yardstick, so to speak, to this project as to others, and I believe it would be better, if the Senator sees fit, to leave this matter now, rather than offer an amendment; but at the same time, we will assure him that these two items are entitled to new consideration by the Senate committee, and that we will do that, in view of the new facts, and this will give us a chance to apply the yardstick in such a way as to try to treat everyone alike.

Mr. PEARSON. Mr. President, I agree with the Senator.

The letter to which I have made reference is dated August 1, 1974, addressed to the Senator from Mississippi. I wonder if he would have any objection if I incorporated that letter in the RECORD.

Mr. STENNIS. I would be glad if the Senator would do so.

Mr. PEARSON. Mr. President, I ask unanimous consent to have printed in the RECORD the letter from Maj. Gen. J. W. Morris, Director of Civil Works for the Corps of Engineers, addressed to Senator STENNIS, under date of August 1, 1974, together with attachments.

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

DEPARTMENT OF THE ARMY,
*Washington, D.C., August 1, 1974.*

Hon. JOHN C. STENNIS,
*Chairman, Subcommittee on Public Works, Committee on Appropriations, U.S. Senate, Washington, D.C.*

DEAR SENATOR STENNIS: The purpose of this letter is to report a change in the status of the Indian Lake, Kansas project and furnish you information on the results of the recently completed restudy of the Indian and Tomahawk Lakes, Kansas projects.

You were previously informed, during your deliberations on the Fiscal Year 1975 Budget that the capabilities expressed for initiation of planning of the Indian Lake and Tomahawk Lake projects were subject to a favorable finding on the restudy report which was then under review in my office. I have recently completed my review of the restudy aspects of the Phase I General Design Memorandum of the Blue River Basin plan submitted by the District and Division Engineers. I have found that the Indian Lake and Tomahawk Lake projects are economically justified as units of the Basin plan and are required to provide an optimum solution to the water resource needs of the Blue River Basin. Accordingly, the Indian Lake project was reclassified from the deferred to the active category on 17 July 1974.

Fact Sheets on each project are inclosed, which provide the detailed results of the restudy.

An identical letter is being sent to the Honorable Joe L. Evins, Chairman, Subcommittee on Public Works, Committee on Appropriations, House of Representatives.

Sincerely,

J. W. MORRIS,
*Major General, USA,*
*Director of Civil Works.*

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TOMAHAWK LAKE, KANS.

Authorization: Flood Control Act of 1970.

Location and Description: The proposed lake would be located on Tomahawk Creek in Johnson County, Kansas, in the communities of Leawood and Overland Park. Preliminary plans provide for construction of an earthfill dam about 80 feet high and 2,850 feet long, to create a lake with a total storage capacity of about 35,900 acre-feet for

flood control, water supply, fish and wildlife, recreation, and sediment reserve.

SUMMARIZED FINANCIAL DATA

| | Costs | | |
|---|---|---|---|
| | Federal | Non-Federal | Total |
| Previous estimate (July 1973) | $29,210,000 | $3,490,000 | $32,700,000 |
| Restudy estimate (July 1973) | 30,100,000 | 10,167,000 | 40,267,000 |
| Change (increase) | 890,000 | 6,677,000 | 7,567,000 |

Reasons for Changes: Project costs increased $7,567,000 due primarily to increased relocation requirements not previously contemplated (+$6,575,000); upgrading of the planned recreation development ($1,530,000); acquisition of additional 295 acres for recreational development (+$2,400,000); and reanalysis of requirements for Engineering and Design and Supervision and Administration (+1,327,000). These cost increases were partialy offset by a decrease in land acquisition of 550 acres (−$3,980,000) required for other project purposes, and a net decrease of $285,000 in other project features. The Federal share of ultimate project costs increased $890,000 due to these changes and required Non-Federal reimbursements increased $3,883,000 due to the addition of water supply and $2,794,000 due to increased recreational development.

| | Benefits | |
|---|---|---|
| | Previous estimate (July 1973) | Restudy estimate (July 1973) |
| Flood control | $1,495,600 | $6,285,000 |
| Water quality | 254,000 | 0 |
| Water supply | 0 | 265,000 |
| Recreation | 384,000 | 1,080,000 |
| Fish and wildlife | 96,000 | 120,000 |
| Total | 2,229,600 | 7,750,000 |
| Benefit-cost ratio | 0.94 | 2.7 |

Reasons for Changes: Increased flood control benefits resulted from development in the flood plain which occurred at a much more rapid rate than anticipated in the survey report, and application of current methods of estimating future development. Previous flood control benefits were based on application of price level increases to damage estimates developed in surveys of the Blue River Basin conducted in 1961. Water Quality was deleted based on an EPA determination that this storage was not needed. Water Supply was added as a project purpose to satisfy the needs expressed by local interests. Increases in recreation and fish and wildlife benefits resulted from added recreation facilities, increased visitation and a reanalysis of recreation and fish and wildlife values.

Restudy Findings: Due to marginal economic justification, a restudy was initiated with funds appropriated in FY 1973. The scope of the restudy was subsequently increased to include plan formulation studies of Phase I, General Design Memorandum (GDM) scope of the Blue River Basin plan due to the need to examine the relationship of this project with other Blue River Basin projects. Advance Engineering and Design studies were underway for the Blue River Channel, Kansas City, Missouri, and the Wolf-Coffee Lake, Kansas projects. The Phase I, GDM was completed by the District Engineer and submitted to the Office of the Chief of Engineers in April 1974. Review of the Phase I, GDM disclosed that the restudy aspects of the Phase I, GDM were satisfactory to serve as a basis for further planning of the Tomahawk Lake project. The investigation reaffirmed the need for flood protection in urban areas of the Blue River and Indian Creek flood plains. The need for Water Supply was also established. The restudy indicates a favorable project benefit-to-cost ratio of 2.7 to 1.

Local Cooperation: Local interests will be required to share in the cost of providing recreation developments in accordance with Public Law 89–72. Johnson County, Kansas, passed a resolution of intent to sponsor recreational development in January 1973. The County Commissioners, Johnson County, Kansas, indicated in a letter dated 21 February 1974, that they found the provisions of the draft contract to be satisfactory. It is anticipated that the recreation cost sharing contract will be consummated in FY 1975. Water District No. 1 of Johnson County, Kansas, has indicated that it wishes to sponsor the water supply storage within Tomahawk Lake. The sponsor has been furnished a draft contract for its review. The sponsor has indicated the storage would be for future water supply, therefore, a contract is not required prior to the initiation of construction.

Status of Environmental Impact Statement: The Environmental Impact Statement for the Blue River Basin, Kansas and Missouri, was filed with CEQ on 13 November 1970. An updated draft statement on the Blue River Basin plan was filed with CEQ on 8 April 1974. The final statement is scheduled for submission to CEQ in the first quarter of FY 1975.

INDIAN LAKE, KANS.

Authorization: Flood Control Act of 1970.

Location and Description: The proposed damsite is located on Indian Creek in Johnson County, Kansas, about 14 miles above the confluence of Indian Creek with the Blue River. Preliminary plans provide for construction of an earthfill dam about 80 feet high and 4,800 feet long to create a lake with a total storage capacity of 22,900 acre-feet for flood control, fish and wildlife, recreation, and sediment reserve.

SUMMARIZED FINANCIAL DATA

| | Costs | | |
|---|---|---|---|
| | Federal | Non-Federal | Total |
| Previous estimate (July 1971) | $22,065,000 | $1,735,000 | $23,800,000 |
| Restudy estimate (July 1973) | 30,779,000 | 4,923,000 | 35,702,000 |
| Change (increase) | 8,714,000 | 3,188,000 | 11,902,000 |

Reasons for Changes: Project costs increased $11,902,000 due primarily to price level advances ($4,110,000); the additional acquisition of 430 acres for specific recreation development ($2,880,000); increased relocation requirements not previously anticipated ($3,580,000); refinement of unit costs in the main dam feature ($705,000); upgrading of the planned recreation development ($1,410,000); reanalysis of requirements for Engineering and Design and Supervision and Administration ($1,087,000) and a net increase of $130,000 in other features. These cost increases were partially offset by a decrease in land acquisition of 295 acres ($2,000,000) required for other project purposes. The Federal share of ultimate project costs increased $8,714,000 due to these changes and required Non-Federal reimbursements increased $3,188,000 due to increased recreational development.

| | Benefits | |
|---|---|---|
| | Previous estimate (July 1971) | Restudy estimate (July 1973) |
| Flood control | $961,800 | $5,597,000 |
| Water quality | 132,000 | 0 |
| Recreation | 255,500 | 720,000 |
| Fish and wildlife | 64,500 | 80,000 |
| Total | 1,413,800 | 6,397,000 |
| Benefit-cost ratio | 0.86 | 2.6 |

Reasons for Changes: Increased flood control benefits resulted from development in the flood plain which occurred at a much more rapid rate than anticipated in the survey report, updating for price level increases, and application of current methods of estimating future development. Previous flood control benefits were based on application of price level increases to damage estimates developed in surveys of the Blue River Basin conducted in 1961. Water Quality was deleted based on an EPA determination that this storage was not needed. Increases in recreation and fish and wildlife benefits resulted from added recreation facilities, increased visitation and a reanalysis of recreation and fish and wildlife values.

Restudy Findings: A restudy to determine whether an economically justified and locally supported plan of authorized scope could be developed was initiated with funds appropriated in FY 1973. The scope of the restudy was subsequently increased to include plan formulation studies of Phase I, General Design Memorandum scope of the Blue River Basin plan due to the need to examine the relationship of this project with other Blue River Basin projects. Advance Engineering and Design studies were underway for the Blue River Channel, Kansas City, Missouri, and the Wolf Creek Lake, Kansas projects. The Phase I, GDM was completed by the District Engineer and submitted to the Office of the Chief of Engineers in April 1974. Review of the Phase I, GDM disclosed that the restudy aspects of the Phase I, GDM were satisfactory to serve as a basis for further planning of the Indian Lake project. Accordingly, the project was reclassified from the Deferred to the Active category on 17 July 1974. The investigation reaffirmed the need for flood protection in urban areas of the Blue River and Indian Creek flood plains cost ratio of 2.6 to 1.

Local Cooperation: Local interests will be required to share in the cost of providing recreation developments in accordance with and indicates a favorable project benefit-to-P.L. 89–72. Johnson County, Kansas, passed a resolution of intent to sponsor recreational development and to meet the requirements of local cooperation in January 1973. The County Commissioners, Johnson County, Kansas, indicated in a letter dated 21 February 1974 that they found the provisions of the draft contract to be satisfactory. It is anticipated that the recreation cost sharing contract will be consummated in FY 1975.

Status of Environmental Impact Statement: The Environmental Impact Statement for the Blue River Basin, Kansas and Missouri, was filed with CEQ on 13 November 1970. An updated draft statement on the Blue River Basin plan was filed with CEQ on 8 April 1974. The final statement is scheduled for submission to CEQ in the first quarter of FY 1975.

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

Mr. PEARSON. I do not have the time.

Mr. STENNIS. Mr. President, I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I associate

myself with the remarks of my senior colleague.

The House of Representatives appropriated $200,000 for the initial planning of Indian Creek and Tomahawk Reservoirs in Johnson County, Kansas. This appropriation was included in the bill passed by the House but was deleted by the Senate subcommittee. The reason for the deletion was that a report on the restudy of the two projects requested by Congress several years ago had not yet been made available to the committee when they considered the bill.

Upon investigation of this matter, I learned that the restudy of the projects, or at least the portions of the restudy needed by the committee to make its decision on the appropriation of planning moneys, had been completed by the Corps of Engineers but had not yet been transmitted to the Appropriations Committee prior to the time they reported the bill now under consideration.

With able assistance and cooperation from the office of the Corps of Engineers, I obtained just this morning a copy of the information obtained by the corps from the restudy of Tomahawk and Indian Creek Reservoirs. This information has been made available to committee members and committee staff for their review and consideration.

The restudy produced two pieces of information which merit serious consideration by the Senate and which I feel justify inclusion of planning funds in the 1975 appropriation bill for these projects. First of all, the restudy indicates that both projects have a high cost-benefit ratio. In other words the benefits to be obtained from each project in terms of water supply availability, flood protection, potential recreational use, and wildlife preservation, far exceed the dollar cost of the project. For the Indian Creek project the benefits are projected to exceed costs 2.6 times. The Tomahawk Reservoir project has a 2.7 to 1 benefit to cost ratio.

In the past, the cost-benefit ratio has created problems for the project. However during the restudy, the inventory of the property in the flood plain subject to flood damage was updated using 1972 rather than 1961 figures. Use of these newer figures plus an actual inventory of the newly developed property in the flood planning raised the cost-benefit ratio substantially so that it now no longer presents a problem.

Second, the restudy took into account a recent reevaluation of the overall plan for water conservation and flood control in the Blue River Basin. The results of the reevaluation indicate that the proposed Indian Creek and Tomahawk Reservoirs are an integral part of the plan and are in accord with the general design of the program and the needs of the area.

I cannot deny that these projects are controversial and that opponents as well as proponents have presented study and convincing arguments both for and against their construction. Disagreement is inevitable in any project of this magnitude which is to be located in close proximity to an active and developing metropolitan area. But the real tragedy of the projects has been the lack of a final decision either for or against their construction.

The years of delay before a final commitment is made either to construct or definitely not to, have imposed extreme hardship on many landowners in the area and has nearly halted growth and development in South Johnson County. Until planning money is available, no detailed plans for the projects will be developed. Until detailed plans for the projects are available, waste treatment facilities for the area cannot be built. Until waste treatment facilities are built, sewer and water development in the area is impossible. And without sewer and water facilities, residential, and commercial development in the area of the proposed dam sites is probably the only factor other than an outright negative decision on the issue of construction which will put the issue behind us. No decision can be made unless planning funds are made available.

An appropriation of planning funds would force a decision on the reservoirs. They will either stand on their merits or they will be rejected due to their shortcomings. Whatever the decision, once it is made the development of Johnson County will be able to continue in a planned and organized fashion. Property owners in the area who want to sell can sell. Prospective owners in the area who want to purchase land there will be able to buy and know how their property fits into the overall development plan. In reference to the importance of making a decision now on these two projects, I would like to quote from a letter from Commissioner John Franke, Chairman of the Board of County Commissioners for Johnson County:

> The two proposed sites are adjacent to, and surrounded by, urbanized areas which are ready to be developed. At least one of these sites (Tomahawk) contains over 50% of an area that is ready now for sewer, utilities, and road developments. If this site is to be preserved, the commitment as represented by the funding allocations is most critical and should not be deleted from the appropriation bill.
>
> Our board is charged not only with the preservation of our resources but with the protection of the rights of property owners and of the individual. To be totally fair to these people on both sides of the issue, a program of progress should be incorporated which includes a commitment from Congress and the Corps of Engineers so additional months are not spent in "marking time" and building further volumes of red tape in order to diffuse and confuse our citizens.
>
> To sum up, the projects do have local support; the projects have received a very favorable benefits to cost ratio by the Corps of Engineers study; the sites are in a rapidly changing, urbanized area which is fast approaching development; and unless such a funding commitment is made now, the changing status of the area and the uncertainty will be detrimental to both resources preservation and to the rights of the property owners and individuals within the site areas.

Mr. President, the planning funds are needed this year, they can be used this year, and the benefit-cost ratio and Blue River Valley plan report indicate this initial investment is a wise and productive expenditure which is part of an overall flood control and water conservation program for the area. But most importantly, the planning funds are needed to get the matter off dead center—to force a decision one way or the other so that property owners in the area know what to expect and the growth and development of southern Johnson County can proceed in an orderly manner.

I regret that I missed some of the earlier debate, but I wish also to concur in the remarks of the Senator from Kansas. As pointed out by my senior colleague, just this morning we were able to obtain from the Corps of Engineers some information as to the restudy and the increase in the cost-to-benefit ratio, which I hope will be considered by the committee and by the conference.

Mr. STENNIS. Mr. President, I definitely assure the Senator from Kansas that there will be further consideration. As I said, we just wanted to see that we applied our guidelines uniformly. I appreciate very much the remarks of the Senator from Kansas.

Mr. President, the bill is still open to amendment, is is not?

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> At an appropriate place in the bill insert a new section as follows:
>
> SEC. . Outlays for the Military Programs of the Atomic Energy Commission shall not exceed $1,478,000,000.

Mr. PROXMIRE. Mr. President, I have distributed copies of this amendment to the desks of all Senators. The amendment would place a ceiling of $1.478 billion on outlays for military programs of the Atomic Energy Commission. The bill provides total outlays for those programs of $1.532 billion.

I believe it would surprise many Members of the Senate—I have talked to some who tell me that they are surprised—that there are appropriations for military weapons in the Public Works-AEC bill. Of course, the members of the committee knew that very well, the members of the subcommittee particularly, but this is something that I think would surprise the other Members of the Senate, and would certainly surprise the public.

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

Mr. PROXMIRE. Yes. Mr. President, I understand that the Senator from Rhode Island wants to be here when I start to speak, and he will oppose my amendment. For that reason, I suggest the absence of a quorum.

Mr. STENNIS. Mr. President, will the Senator withhold that?

Mr. PROXMIRE. I withdraw it.

Mr. STENNIS. I thank the Senator. The Senator from Rhode Island has been here in the Chamber, and left with the understanding that we would notify him of this matter.

Mr. PROXMIRE. Very well. Meanwhile, Mr. President, the Senator from Kentucky has something he says will only take a minute or two; perhaps he can go ahead with that.

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

Mr. PROXMIRE. Let me put a quorum call in first, and then I will take it off immediately, so that the Senator from Rhode Island will be notified.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. PROXMIRE. Mr. President, I yield the floor so that the Senator from Mississippi may yield to the Senator from Kentucky.

Mr. COOK. Will the Senator from Wisconsin yield to me first?

Mr. PROXMIRE. I did not want to yield time from the time on my amendment; that is all.

Mr. STENNIS. On my time, Mr. President, I yield to the Senator from Kentucky.

Mr. COOK. The reason I addressed the Senator from Wisconsin is that I do not wish to mislead him; I do have an amendment which I think we can dispose of, but I did not want to mislead the Senator, because I have some remarks to make. But I do have an amendment, and if he has no objection I would like to call up that amendment now.

Mr. STENNIS. Mr. President, I think, in deference to the Senator from Wisconsin, we ought not to take up another amendment. I was just trying to accommodate another Senator, but if we get off on still another amendment, it may delay his matter. Since the Senator from Rhode Island (Mr. PASTORE), as I understand, is on his way to the Chamber, I think it would be better not to do that. I thought the Senator from Kentucky wanted to engage in a colloquy.

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

The PRESIDING OFFICER. On whose time?

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the time for the quorum call not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STENNIS. 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. STENNIS. Mr. President, the Senator from Wisconsin has come in and I thank him for yielding. That time for the quorum call was equally divided, as I understand.

Mr. PROXMIRE. I understood that the time would not be taken out of either side on this amendment.

The PRESIDING OFFICER. It would not be taken out.

Mr. PROXMIRE. Mr. President, I see the distinguished Senator from Rhode Island (Mr. PASTORE), the chairman of the Joint Committee on Atomic Energy, has arrived, and I will proceed.

This amendment would place a ceiling on all atomic energy military programs of $1.478 billion in place of the current outlay project of $1.532 billion. This would be a 3½ percent reduction or a $54 million cut in the military programs of the Atomic Energy Commission.

This would still permit an increase of $46 million in outlays over fiscal year 1974 of $1.432 billion. It would bring spending for weapons that are not in the defense appropriation bill that we will be considering later in line with the action of the House Defense Appropriations Subcommittee yesterday when they made a 3½ percent cut in everything else—and, of course, they did not have this before them—and would bring this military spending in line with that.

This amendment is drafted to place a ceiling on outlays for the strongest economic reasons. This is on outlays, not on obligational authority. I do not cut into the obligational authority of atomic energy weapons at all, simply outlays for strong economic reasons.

To limit or reduce budget authority does not mean any corresponding reduction in actual expenditures. The inflation is now, it is not 2 or 3 years from now. If we are going to have an impact on inflation through cutting Federal spending, we have to cut the outlays for this year, and that is what this amendment would do.

Since new appropriations are spent over a period of years, current year outlays may not be affected by congressional reductions in any specific program if they are tied to budget authority.

If we want to reduce spending this year, only a ceiling on outlays will do that. This is the same principle that the Senate has accepted twice on the overall Federal budget outlay level of $295 billion. And the Senate voted that outlay ceiling overwhelmingly by 74–12.

Now why have I picked the Public Works budget in an attempt to place a spending ceiling?

Mr. President I have singled out the Public Works budget because contained within that overall appropriations bill is about $1.5 billion in spending for defense programs.

Every year the Defense Department makes a request for a budget designed to meet defense requirements. And every year we have a debate on that budget on the assumption that contained therein is what the Nation spends for defense.

Mr. President that debate is a facade. The Defense budget does not reflect the total amount spent for defense in any 1 year.

THE AEC MILITARY BUDGET

This bill before us proves that. Under the aegis of the Atomic Energy Commission, an additional $1.5 billion will be spent in fiscal year 1975 for military programs.

Now how do I arrive at the $1.5 billion figure.

First, the operating budget of AEC contains a number of military accounts.

A weapons account shows $875,230,000 for the production research, development, and testing of nuclear weapons. Particular items range from the construction of Trident warhead facilities to the completion of the Sprint, Spartan and Poseidon deliveries.

If anything can be said to be military spending it is right here.

There is $44 million for laser induced nuclear fusion. Several new nuclear weapons are under study including a bomb which can be delivered by aircraft at supersonic speeds, a new 8-inch artillery shell, a nuclear weapon for the Navy's standard missile and of course the new warhead for the Minuteman III ICBM.

The naval reactor program comes in at an outlay level of $167 million. It provides for the design and development of improved nuclear propulsion plants and reactor cores for use on naval vessels.

Tucked away in the budget in other accounts is additional defense related funding. The nuclear materials account contains about $204 million for defense work. The space and nuclear systems account has a small portion dedicated to military research. The biomedical/environmental research and safety line item contains $13 million for waste disposal. The program support account has $10 million for security investigations.

Under the plant and capital equipment title there is about $90 million for capital equipment and $183 million for plant that is related to military activities.

Thus, Mr. President, within this Atomic Energy Commission budget is about $1.5 billion for national defense or 42 percent of the entire AEC request.

TOTAL MILITARY FUNDING

This is on top of the total Department of Defense Budget.

I would remind my colleagues that the story does not stop here. Totally outside of the Defense budget, as in this case with the AEC appropriations, are a number of other items.

The military assistance program is requested at a level of $985 million.

Military credit sales are listed at $555 million.

The Indochina post war reconstruction request is $939 million, much of which goes to support the military capability of South Vietnam.

Title I of the Public Law 480 has been abused by recipient countries under the guise of concessional sales. In fact these sales totalling $425 million this year were used by the administration to compensate for congressional mandated cuts in various assistance programs abroad.

When we cut aid to Vietnam and Cambodia, Public Law 480 sales were increased to make up the reduction and thus allow the recipient country to release more of its own funds for military purposes.

In the foreign aid bill is $385.5 million for security supporting assistance—military aid outside the military budget.

We should also include the full costs of operating the Veterans' Administration at $13.9 billion. The costs of our prior wars are no less a defense related obligation that any other direct personnel program.

Likewise NASA and many other government agencies have joint Department

of Defense projects with military implications.

The Space Shuttle alone will be used by the Department of Defense at least 29 percent of its useful life and yet DOD will not have to pay one penny for the $5 billion research and development costs of this vehicle. They get a free ride but the taxpayers know where the money is coming from.

Mr. President if one added up the various defense related figures being requested in this year's Federal budget the total would come to over $121 billion: $92.6 billion requested for the DOD budget, $6.2 billion for a supplemental, $1.5 billion in the Atomic Energy Commission, $1 billion for military assistance programs, $555 million for military credit sales, nearly $1 billion for Indochina post war reconstruction, $425 million for Public Law 480 funds, $385.5 million for security supporting assistance, an estimated $750 million for central intelligence, $13.9 billion for the Veterans' Administration, and untold additional billions for interest on the national debt related to the inflationary financing of the Vietnam war and the cost of past wars. Military construction is $2.14 billion in budget authority.

That is always in a separate budget.

Mr. President I do not think that American people know that there are defense funds in the AEC budget, in the agriculture bill, in the foreign aid bill, in the National Aeronautics and Space Administration budget, in the budget of the intelligence community. The true costs of defense are staggering and must be subject to much greater scrutiny by Congress.

Of all the defense related bills that come before Congress, the bill before us provides the least amount of useful information with regard to military activities.

I recognize that atomic energy matters are closely held and are highly classified. But so are many projects in the Department of Defense.

The Joint Committee on Atomic Energy and the Public Works Appropriations Subcommittee have great expertise in this field. They have a fine staff. But it is impossible to make a judgment about the relative priorities of this long list of military programs when they are not in competition with one another.

PRIORITIES

By placing military appropriations here and there in various bills, we have no idea if the Space Shuttle has a high or low priority for the Department of Defense when compared to the Trident submarine. Maybe if the Shuttle were in the Defense budget it would not even get funded. Such has been suggested to my appropriations subcommittee on HUD-Space Science by competent witnesses.

What about the AEC appropriations? Would they stand the competition with other defense programs? Would security assistance be judged more important than the laser fusion project? Would military assistance to Vietnam under military assistance service funded be ranked higher than the B-1 bomber?

We have no way of knowing because these projects need not stand the test of competing for limited dollars. By funding defense programs throughout the Federal budget, they are isolated from the normal give and take so necessary for efficient allocation of the Nation's scarce resources.

That is why I have offered this amendment to place a ceiling on AEC military programs at 3½ percent under the projected fiscal year 1975 levels. It is a modest ceiling, one designed to encourage us to live within the overall ceiling this body has approved on two occasions.

In fiscal year 1975 AEC weapons budget, laser fusion and advanced isotope separation is up 53.9 percent over last year. The weapons account is up 2.5 percent. The nuclear weapons materials production is up 10.7 percent and the naval reactor development programs is up 4.7 percent. The entire AEC military program is up 7 percent.

Surely a 3½-percent reduction would be in order.

The subcommittee did not make a cut below the budget in obligational authority. They made virtually no cut whatsoever in outlays. They made a cut of about $1.7 million. My cut is $54 million. My cut brings the weapons in this budget in line with what the House Appropriations Committee has done. We may make deeper cuts than that. Maybe we will reject what the House Appropriations Committee has done, but we have not, in the past, to any considerable extent, and I am not going to do it now.

Mr. President, it seems to me that this is a modest, limited, practical accommodation to the fact that we do not have an opportunity to consider this part of the Defense budget, these military weapons, these directly military-related costs in the defense appropriations measure when it comes before us.

For that reason, Mr. President, I hope Senators take this opportunity to vote in favor of what is a limited, modest cut.

As a matter of fact, the New York Times reported this morning, in an article by John Finney, who is highly respected in this area, that the 3.5 percent cut in the military appropriation is considered more as a symbolic action by the House Defense Appropriations Subcommittee. A 3.5-percent cut, although it is an enormous amount of money, is not a cut that will significantly damage the military. I point out that my cut, because it does not reduce obligational authority, does not—will not in the long run—reduce our ability to produce these weapons, which I am convinced we do have to have as a deterrent. But it will make an effort, as I say, to accommodate this situation and to bring weapons spending in line with the action taken by the House, the likely action that the Congress is going to take, and this is the last opportunity we will have to do that with respect to this program.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, how much time remains for the opponents of this amendment, please?

The PRESIDING OFFICER. Fourteen minutes for the opponents.

Mr. STENNIS. Under the agreement, who handles that time, Mr. President?

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I know the Senator from Rhode Island would like to have some time.

Mr. PASTORE. Yes.

Mr. STENNIS. Mr. President, I am opposed to the amendment. In great deference to the Senator from Wisconsin, most of his argument is an objection to the way that these appropriations are handled, rather than to the amount.

Mr. PROXMIRE. Will the Senator yield very briefly?

Mr. STENNIS. Yes.

Mr. PROXMIRE. While there are Senators in the Chamber, so that Senators can be notified, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. STENNIS. My reply will be brief. I call attention to the fact that we did go through these items very carefully. It is true that a large sum is for nuclear weapons. We went through those items and examined them. I get some of this information on the Committee on Armed Services; I get some it through the Committee on Appropriations. I want to be totally frank about it: I do not think there are nearly as many good, solid reasons why this should not be put in the military budget as there were years ago. I am not just constitutionally opposed to putting it all in the military budget, and perhaps sometime, we can work out a plan along that line. But on the floor of the Senate, in an open session, is certainly not the place, I respectfully say, to do it. It just cannot be adequately handled here.

We are making a review, the Committee on Armed Services is making a review of this weaponry as to the amount, the time, the whereabouts, the cost, and the capacity. I asked the Chairman of the Atomic Energy Commission and her staff to give me a special briefing on this matter before we marked this bill up, so I can assure the Senator that it is having attention and, really by the same people, to a degree, as it would be if it were in the regular military.

Mr. HATFIELD. Will the Senator yield?

Mr. STENNIS. I yield.

The PRESIDING OFFICER (Mr. NUNN). The Senator from Oregon is recognized.

Mr. HATFIELD. I only want to underline what the Senator from Mississippi has said on the subcommittee's careful investigation. I have great concern about the military expenditures not being put in one place, so we know how much the Government is really spending. I would like to associate myself with the Senator in looking at it, reviewing the possibility of consolidating as many single budget items into a single military budget so that we will know how much we have of composite spending.

Mr. STENNIS. If the Senator will yield, but not here on the floor of the Senate, in this bill.

Mr. HATFIELD. Exactly. This is not the place to do it, but in committee work, which I think can be undertaken very shortly.

Mr. STENNIS. Mr. President, I yield my remaining time except 2 minutes to the Senator from Rhode Island.

I appreciate his being here.

Mr. PASTORE. Mr. President, let me say at the outset that I have no objection to the military budget program which is now under the jurisdiction of the AEC and under the Joint Committee on AEC of the Congress eventually being put in the Armed Services Committee. But we have to look at the historical truth of why we have come down this road.

When the bomb on Hiroshima was dropped in August of 1945 and, 3 days later, on Nagasaki, this Congress rose up and said that this tremendous power should be placed in the hands of civilian authorities and not in the hands of the military. That is the reason why it was done.

Maybe through the evolution of time, through our desire to cut down these budgets, through our own desire to reorganize the whole system of governmental structure, it might be advisable to put it under the military completely, and I have no objection to that. But addressing myself particularly to this particular amendment, Mr. President, I yearn for the day when every bomb that is in existence in the world can be dropped to the bottom of the sea and then the madness that now confronts mankind will dissipate like the mist in the morning sun.

But unfortunately, we are not living in that kind of a world. Today the Russians are spending two, three, four times more money for research and development in dollars than we are in the United States of America. And the race is on.

I do not want that race. No American wants that race. No American wants to spend 1 penny more for a bomb than he has to.

But we are not here to make choices today. We are here to look at realities. It is not so much what we hope for and what we want. The big question here today, Mr. President—if you want to stay free—if you want to guarantee the security of generations of Americans to come, then the question is, What must you do? What must you do?

I would like to see this budget cut in half, if we could do it. What happens the minute you cut it by $54 million? We are going to lay off over a thousand people? We are going to break up the organization? You are going to stop production in areas where we have to produce? Where does this budget come from? Does this budget come from thin air?

No, this is the requirement between the National Security Council and the Joint Chiefs of Staff; analyzed by the OMB; submitted by the President of the United States; analyzed by the Joint Committee on Atomic Energy; scrutinized in the subcommittee and the full committee of the Appropriations Committee. And this is the problem.

We have cut the budget by $32 million below the budget estimates of the administration. Now you come along and you want to cut it another $54 million. The big question is what do you do to the security of the country? What of this scientist, this research gentleman or woman, who is making sure that we keep abreast in this very, very sensitive world?

We had the Secretary of State come before our Appropriations Committee just the other day, and he told us that the Middle East is still a tinderbox, Cyprus has not been decided, and we are still involved in South Vietnam—the tragedy of this generation and the century.

So here we are. Here we are in an almost impossible situation. I look forward to the day when this budget committee legislation, which passed by the Congress only a short while ago and signed into law by the President only 2 weeks ago, will begin to function; that those on the budget committee will not come before the Appropriations Committee and ask for increases in funding, as others have.

They do it. I hav a request right now to increase one of the items on my budget by $360 million over and above the estimate. By whom? By an individual who was elected to be on the budget committee.

This is their challenge—this is their challenge. I want those Senators to stop asking to increase the budget for their own States and be fair with everybody else. That is the question here. Let us not be so parochial that we want everybody else to make the sacrifice excepting us. "Everything that we want for our State is lily white pure, but what you want is tainted with extravagance and with inflation."

That has to stop. That has to stop. That has to stop.

So I say to my friend, this is not the time and the place. This has been scrutinized, and scrutinized carefully. We are below the budget estimate. If you do this, there is only one thing that you accomplish. You hurt—you hurt—the security of the country, and I am against that.

I want to thank the Senator from Mississippi.

Mr. STENNIS. Does the Senator want more time?

Mr. PASTORE. I do not need any more time. I have said it.

Mr. STENNIS. What remaining time does the opposition to the amendment have?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. STENNIS. Mr. President, anything that I would say would be largely repetitious. Some Senators have come in, though, and I want to assure them that these items are not taken for granted. If they ever were, they are certainly not now, or any time that I know of. We went through and combed this thing very carefully.

We had the Chairman of the Atomic Energy Commission come in, with her staff, and examined the major items of this matter. We made these reductions. I hope the Senate will see fit to adopt the figures that we are recommending.

I hope there will be evolved in logical processes the transfer of this over to the regular military budget. The Armed Services Committee is sending back to the Foreign Relations Committee all this military aid to South Vietnam, and glad to get rid of it, too. But, I do think this one fits in.

I yield the floor.

Mr. PROXMIRE. Mr. President, in the first place, I want to make it clear this amendment does not in any way put the weapons back into the Defense budget. I think they should be there, but this amendment does not affect that in any way, shape, or form.

I want to commend the Senator from Mississippi on his statement that he thinks there ought to be some way of providing responsibility for the Defense Department. What I would suggest is because of the great expertise by the Atomic Energy Committee—and I think it has great expertise—that you provide for a reimbursability. In other words, to the extent that this is a cost to the Atomic Energy Commission, it should be reimbursed by the Defense Department. Then the Defense Department would have a direct and expressed interest in this particular expenditure and would require that it meet their priorities. They would put in their critical view.

They have a limited amount to spend. They know they are going to be held down by the President, the Office of Management and Budget, and the Congress. They can put it in perspective. We do not do it now. I hope we can do it in the future.

All this amendment does is provide for a 3.5-percent reduction. The Senator from Rhode Island made the appeal of why do we not all sacrifice, why do we not make sacrifices for our State.

It was a very good, logical pitch. I would like to make a suggestion that we apply that to the Atomic Energy Committee as far as spending for atomic arms is concerned. Why do not they bear their share?

The fact is that in terms of outlay, they have a cut of exactly one-tenth of 1 percent below the budget estimate—not obligational authority, but outlay—$1.7 million in a $1.5 billion appropriation. So by my 3.5-percent cut, I am bringing this into line with the kind of sacrifice the rest of the military is going to have to make.

Mr. President, I think this a modest amendment, a realistic amendment. Although I recognize there is very formidable opposition to it, I hope Senators can see their way clear to support it.

If the Senator from Mississippi will yield his remaining time, I will yield back my remaining time.

Mr. STENNIS. Mr. President, I yield back my remaining time.

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from Wisconsin. Yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT) is absent because of illness in the family.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), the Senator from Hawaii (Mr.

FONG), the Senator from Maryland (Mr. MATHIAS), and the Senator from Idaho (Mr. MCCLURE) are necessarily absent.

The result was announced—yeas 47, nays 47, as follows:

[No. 343 Leg.]

YEAS—47

| | | |
|---|---|---|
| Abourezk | Hart | Mondale |
| Bayh | Hartke | Moss |
| Beall | Haskell | Muskie |
| Biden | Hathaway | Nelson |
| Brooke | Hollings | Nunn |
| Burdick | Huddleston | Packwood |
| Byrd, | Hughes | Proxmire |
| Harry F., Jr. | Humphrey | Randolph |
| Case | Inouye | Ribicoff |
| Chiles | Javits | Roth |
| Church | Kennedy | Schweiker |
| Clark | Long | Stafford |
| Cranston | Mansfield | Stevenson |
| Dole | McGovern | Symington |
| Eagleton | Metcalf | Tunney |
| Gravel | Metzenbaum | Williams |

NAYS—47

| | | |
|---|---|---|
| Aiken | Ervin | Pastore |
| Allen | Fannin | Pearson |
| Bartlett | Goldwater | Pell |
| Bellmon | Griffin | Percy |
| Bennett | Gurney | Scott, Hugh |
| Bentsen | Hansen | Scott, |
| Bible | Hatfield | William L. |
| Buckley | Helms | Sparkman |
| Byrd, Robert C. | Hruska | Stennis |
| Cannon | Jackson | Stevens |
| Cook | Johnston | Taft |
| Cotton | Magnuson | Talmadge |
| Curtis | McClellan | Thurmond |
| Domenici | McGee | Tower |
| Dominick | McIntyre | Weicker |
| Eastland | Montoya | Young |

NOT VOTING—6

| | | |
|---|---|---|
| Baker | Fong | Mathias |
| Brock | Fulbright | McClure |

So Mr. PROXMIRE's amendment was rejected.

## MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries.

## URBAN TRANSPORTATION POLICIES AND ACTIVITIES—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. ALLEN) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Banking, Housing and Urban Affairs:

*To the Congress of the United States:*

The promotion of desirable community development and flexibility in urban transportation policies are principal goals of this Administration.

It is clear that in order to promote the orderly development of urban areas according to local priorities, our efforts should be focused on measures which better integrate and coordinate all modes of transportation in urban areas with other physical and social programs. Moreover, State and local governments should be given greater participation in major decisions in the use of Federal programs affecting community development.

I am pleased to submit to the Congress this report which summarizes the many ways in which the executive branch of the Federal Government is working to effect significant improvements toward that end.

The report was prepared jointly by the Departments of Transportation and of Housing and Urban Development as required by section 4(g) of the Department of Transportation Act of 1966. In particular, it documents the cooperative efforts on legislative proposals, policies and activities that are being taken by this Administration to assure that urban transportation systems most effectively serve both national transportation needs and the development policies of individual urban areas.

I commend this report to the attention of the Congress.

RICHARD NIXON.

THE WHITE HOUSE, *August 1, 1974.*

## WORLD WEATHER PROGRAM PLAN FOR FISCAL YEAR 1975—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. ALLEN) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Commerce:

*To the Congress of the United States:*

A well-known maxim says, "Everybody talks about the weather, but nobody does anything about it."

That maxim is no longer valid. We are confident that the knowledge of weather we are gaining through studies and experiments carried out under the World Weather Program will give man the understanding, tools and techniques necessary to cope with his atmosphere.

We are continuing to make substantial progress in furthering the goals of this program. These goals are:

—To extend the time, range and scope of weather predictions;

—To assess the impact of atmospheric pollution on environmental quality;

—To study the feasibility and the consequences of weather modification;

—To encourage international cooperation in meeting the meteorological needs of all nations.

The United States will soon begin continuous viewing of storms over much of the earth's surface through the use of two geostationary satellites. These satellites will also relay information from remote observing stations, thereby strengthening our ability to warn of potential natural disasters.

In cooperation with other nations, we expect soon to make five such satellites operational.

Immediate gains in weather predicting are also being made through increased computer power. This increased computer use will also in time produce long-term gains in both immediate and extended range prediction of global weather conditions and in the assessment of the impact of man's activities upon climate and weather.

During June through September this year a major international experiment will be conducted in the tropical Atlantic. This experiment is expected to provide new information on the origin of tropical storms and hurricanes, and the effects of these storms on global circulation.

In accordance with Senate Concurrent Resolution 67 of the 90th Congress, I am pleased to transmit this annual report describing the current and planned activities of Federal agencies participating in the World Weather Program.

RICHARD NIXON.

THE WHITE HOUSE, *August 1, 1974.*

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the Senate amendment to House amendments to the bill (S. 2665) to provide for increased participation by the United States in the International Development Association.

The message also announced that the House agrees 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. 69) to extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes.

The message further announced that, pursuant to the provisions of section 1, Public Law 689, Eighty-fourth Congress, as amended, Mr. HAYS, Mr. RODINO, Mr. CLARK, Mr. BROOKS, Mr. PHILLIP BURTON, Mr. ARENDS, Mr. DEVINE, Mr. FRELINGHUYSEN, and Mr. GUBSER were appointed as members of the U.S. Group of the North Atlantic Assembly.

The message also announced that the House passed the bill (H.R. 15842) to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes, in which it requests the concurrence of the Senate.

## HOUSE BILL REFERRED

The bill (H.R. 15842) to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes, was read twice by its title and referred to the Committee on the District of Columbia.

## PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ATOMIC ENERGY COMMISSION APPROPRIATIONS, 1975

The Senate continued with the consideration of the bill (H.R. 15155) making appropriations for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration, and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent

agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes.

Mr. STENNIS. Mr. President, the Senator from New Jersey (Mr. CASE) has a matter here that he had before the committee and he strongly requests a few minutes for a conference here with the floor managership of the bill.

For that purpose, I suggest the absence of a quorum for not over 5 minutes.

The PRESIDING OFFICER. On whose time?

Mr. STENNIS. On my time.

Mr. CASE. Mr. President, I ask it be taken out of neither side.

The PRESIDING OFFICER. Is there objection?

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BIDEN). Without objection, it is so ordered.

Mr. STENNIS. Mr. President, may we have order? This is a highly important matter.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from New Jersey is recognized.

Mr. CASE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 5, line 19, strike out "$984,838,000" and insert in lieu thereof "$986,338,000".

Mr. CASE. Mr. President, what is the situation as to time?

The PRESIDING OFFICER. Fifteen minutes allotted to each side.

Mr. CASE. Mr. President, I yield myself such time as I might take at this moment.

Mr. President, this amendment, of course, in terms is a very simple one. It would add $1½ million to the amount appropriated in the bill for the Army Engineers under the rubric "Construction, general."

The purpose of the amendment would be to respond to a request by the Delaware River Basin Commission for Federal assistance in that amount, that is to say, $1½ million for a comprehensive, impartial, objective study of the Tocks Island Lake project, and the Delaware Water Gap project in the Delaware Water Gap Recreation Area.

Yesterday, Mr. President, the Delaware River Basin Commission met and unanimously adopted a resolution, which I ask to be included in the RECORD at this point.

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

RESOLUTION

A resolution relating to a request to the Congress of the United States for the appropriation of funds for land acquisition in, and for making a final determination on, the Tocks Island Lake Project and the Delaware Water Gap National Recreation Area.

Whereas, construction of the Tocks Island Lake Project was authorized by PL 87-874, and the Delaware Water Gap National Recreation Area was authorized by PL 89-158; and

Whereas, the Recreation Area surrounds the Lake Project site and both are located along the Delaware River, within the jurisdiction of the Delaware River Basin Commission; and

Whereas, the House of Representatives passed HR 15155 providing $6,040,000 for land acquisition and $2,450,000 to initiate construction of the Tocks Island Lake project with the direction in House Report No. 93-1077 "that none of the funds added for construction for the Tocks Island Lake project be obligated or expended at this time," adding its intention "that the various governmental parties in interest bring this matter to a decision . . . at the earliest possible time within the next twelve months"; and

Whereas, the Committee on Appropriations of the U.S. Senate in Senate Report No. 93-1032 "recommends that no funds be appropriated for the Tocks Island Project" and further states "the Senate requests the Delaware River Basin Commission to make a definitive and final recommendation on this project within the next twelve months"; and

Whereas, the Tocks Island matter cannot be brought to a decision with definitive and final recommendation until a comprehensive, impartial and objective study is made and evaluated by all interested parties; and

Whereas, the Delaware River Basin Commission does not have the funds or staff resources to conduct such a study; and

Whereas, great hardship and inconvenience is caused those individual citizens whose land is among the 23,480 acres yet to be acquired of the 69,690 acres authorized; now therefore

Be it resolved by the Delaware River Basin Commission that:

1. The Congress of the United States is respectfully requested to appropriate full funding for continued land acquisition by the Federal government of lands within areas authorized for the Tocks Island Lake Project and the Delaware Water Gap National Recreation Area during Fiscal Year 1975, such funds to be used to the extent feasible to assemble complete blocks of holdings, and to speed the time when such areas may be enjoyed by the public.

2. The Congress is respectfuly requested to appropriate $1,500,000 to the Delaware River Basin Commission for the purpose of causing a comprehensive, impartial, objective study to be made of the Tocks Island Lake Project and the Delaware Water Gap National Recreation Area including means of addressing the objectives of these projects.

3. It is the intent of the members of the Delaware River Basin Commission that, if the Congress chooses to appropriate such study funds to the Commission, a comprehensive study by an appropriate independent institution or institutions and/or consultants of recognized expertise shall be undertaken which includes:

a. A region-wide analysis of the needs for water supply, electric power generation, recreation, and other fundamental needs.

b. An environmental, economic and social impact analysis of the proposed projects to evaluate their costs and benefits as compared with those of alternative means of addressing the identified needs.

c. Practical conclusions and recommendations on how best to accomplish the water supply, flood control, recreation, power supply, and related objectives.

In addition, the Commission would assure that the conduct of the study provides for full public participation, including public access to and opportunities for comment on interim and final reports.

4. Copies of this resolution shall be furnished to the chairmen and members of the Committees on Appropriations, Public Works and Interior of the U.S. Senate and the U.S. House of Representatives and to the Congressional delegations of the four member states.

Mr. CASE. I have discussed this question—this is a matter that has been considered off and on now for many years. In active form it has been considered intensively for several weeks within our committee, as well as other subcommittees, specifically the Subcommittee on Agriculture Appropriations. There has been increasing concern in our States, the four States, of New Jersey, New York, Pennsylvania, and Delaware, about this very important and very large project, and it has now come to a head. It was brought up, as a matter of fact, by the House committee in its report—that action be definitely agreed upon as to this project within 1 year. Our own committee's action in eliminating any funds for the project for land acquisition or construction brought up the matter even more forcefully, as did the language in our report which says that the Basin Commission should come to a final decision about what it wanted to do as quickly as possible.

Mr. JAVITS. Mr. President, would the Senator yield for the purpose of including me as a cosponsor of his amendment?

Mr. CASE. Indeed, I would be happy to yield.

Mr. JAVITS. This area touches New York, its northernmost part, Port Jervis.

Mr. CASE. I would be happy to add all of the Senators from the four States. I know that Senator SCHWEIKER wants to join. I understand the Senator from Delaware does, too, and I would ask unanimous consent that all the Senators be added, as cosponsors if that be their wish.

Mr. JAVITS. I thank my colleague, and I wish strongly to support his position in this matter.

Mr. CASE. We have had a discussion about the best way to handle this thing, off the floor just now, and in order that the matter may be immediately brought out and clearly as to what the position of the committee is here, I would be very happy to reserve the remainder of my time with the idea that the Senator from Mississippi (Mr. STENNIS), the floor manager of the bill, may want to make a statement.

Mr. STENNIS. Mr. President, first I want to commend the Senator from New Jersey (Mr. CASE) for the diligence and great energy with which he has assumed this problem, as well as those who have been assisting him.

Now, Mr. President, this is a highly important project. The Tocks Island project was planned by the U.S. Army Engineers, as is customary; it went before the Public Works Committee where it was authorized, and we have been appropriating money on it now for several years.

Furthermore, it does involve these important four Eastern States that have so many people who live there. The esti-

mated project cost, at July 1973, prices is $360 million, but I do not back off on that account. The reservoir would be many miles long, it has a power unit in it—but the committee took all the money out for fiscal 1975 not because we were trying to kill the project, but we were trying to force the matter to come to a head.

We have a four-State member Commission under a compact authorized by Congress to make an agreement, and it has arrived at a stalemate. Different members of the Commission were writing us that they wanted it deferred for another survey, but the Commission itself did not act, and we were trying to force this to a decision and we, to a degree, got a decision by the Commission. The Senator from New Jersey has it here now and he will present it in the RECORD, as I understand.

Down in the committee we agreed with him unanimously that, even though we were leaving out all the money to buy more land—and there was a small amount in the bill to start actual engineering and construction in the House bill—that we were leaving all that out of our recommended bill, that, nevertheless, if he got a recommendation from the Delaware River Basin Commission, at the conference with the House conferees, we would consider the advisability and the possibility and all related matters of letting the appropriation go for a million dollars or a million and a half dollars—$1½ million seems to me the reasonable figure—for this survey.

But, as I repeated in the cloakroom a few minutes ago, we cannot agree to a survey that is taken out of the hands of the U.S. Army Engineers altogether. They must have some part or contact with it. Frankly, I think that is the only way that we could legally spend the money which would be through them.

I have not conferred with the House, and I emphasize I cannot speak for the House committee conferees, or how they feel. But if, in conference, this is considered wise and can be agreed on, I will totally support it, assuming there is a reasonable time limit put on it.

We have already spent $54 million on the project, on the counsel and professional advice of the Army Engineers, and we feel that we will have to insist that they continue in it.

The Committee on Public Works of the Senate, and the chairman is sitting right here, authorized it on that basis, and within this great area, there is a large national recreation park project that has been authorized by the Committee on Interior, which has been handled by the able Senator from Nevada (Mr. BIBLE), both on authorization and on appropriations. It is his subcommittee that handled this recreation authorizing bill—and I am going to yield him some time that I hope he will take in just a few minutes—and therefore this brings the matter to a head and to an issue.

They have made some progress here on getting a report of the Commission and I think, frankly, it is easier, better, to try to work this out in conference than it is to vote on it here on the floor of the Senate.

Those are my sentiments, and if I may yield 5 minutes to the Senator from Nevada or more if he wishes, he will deal with the question.

The PRESIDING OFFICER. The Senate from Nevada.

Mr. BIBLE. Mr. President, I thank the Senator from Mississippi for yielding.

My part in this particular problem comes about because I happen to wear two hats: No. 1, as chairman of the Parks and Recreation Subcommittee, I was privileged to handle the Delaware Water Gap National Recreation Area, and that has been authorized, it has been funded, to the extent of about $50 million under an overall ceiling of something like $54 million or $55 million. As a matter of fact, we will be marking up in full committee the Interior appropriation bill tomorrow morning, and there is in that bill $4,183,000 for land acquisition in the Delaware Water Gap National Recreation Area.

That is the park area part of this particular proposal, and it is tied to Tocks Island project of the Corps of Engineers. Even the recreation area, the land acquisition connected with it, has had some rough roads to go over and many controversies and problems that came up. But, I think we are making headway, at least on that phase of it. I would guess it is almost 90 percent complete as far as land acquisition is concerned.

This money remains in the Corps proposal, as made in the Committee. The Senators from Pennsylvania and the Senator from New Jersey, among others, made one statement that I would call to the attention of my distinguished chairman. That is that the report itself states the committee requests the Delaware River Basin Commission to make a definitive and final recommendation on this project within the next 12 months.

I would call to the chairman's attention that the Senator from New Jersey has already introduced into the RECORD the resolution and requests of the Delaware River Basin Commission. I would think that as we go into conference, we should bear that resolution in mind, and I think that men of good will can get together in a conference and work out this very troublesome problem.

I pledge the Senator from Mississippi my full support pointed in that direction. I would think it wise to make some kind of a 1-year, overall timetable on that in any event.

I thank the Senator.

Mr. STENNIS. I thank the Senator from Nevada.

Mr. President, I propose to nominate as conferees the Senator from Nevada (Mr. BIBLE), the Senator from New Jersey (Mr. CASE), and the Senator from West Virginia (Mr. RANDOLPH), among other members of the committee.

Mr. President, I yield the floor.

Mr. CASE. Mr. President, I would like to express my appreciation to the Senator from Mississippi and to the Senator from Nevada, the Senator from Oregon, and also the ranking Republican member. We have worked this matter out, I think, in a very satisfactory way. It is a pleasure to me to be associated with men who understand their jobs and are so diligent and conscientious in the performance of them, as well as compassionate in their understanding of problems of the great area of the country which the four States here in question represent.

With complete assurance and in complete reliance upon the assurances of the Senators who have spoken and under the leadership of the Senator from Mississippi, I rest entirely comfortable. I would like, unless the Senator from West Virginia wants to make a comment, to withdraw the amendment. That would be my purpose when he is finished.

Mr. RANDOLPH. Mr. President, will the able Senator from New Jersey yield?

Mr. CASE. I shall be happy to yield.

Mr. RANDOLPH. Mr. President, I am sure the record would indicate, and I am certain the Senator from New Jersey and other Senators who are participating—Senator STENNIS, Senator BIBLE, Senator JAVITS—would want to know that the Senators from the area affected, including a Senator from New Jersey, originally requested the preliminary survey of the Committee on Public Works in connection with this project. It originated with a Senator from the area. The request for the study survey was made by Senator Robert Hendrickson of New Jersey on April 13, 1950. This preliminary study and those that followed, as the knowledgeable Senator from Mississippi has said, are the bases of the work and the land acquisition on the project by the U.S. Corps of Engineers.

Following other Member requests, on April 28, 1958, Senators from Delaware, John J. Williams and Allen Frear, requested a study to review all previous reports with respect to Tocks Island. The work which followed that request resulted in approval of the project on August 16, 1962.

We conducted exhaustive hearings and carefully considered the proposal in the Subcommittee on Water Resources and in the full committee. The request, I repeat, for the project was made by Senators from the area, which is a very important section of this country from the standpoint not only of industry, but also environmental considerations.

It would seem to me that what has been said by those who have spoken indicates a desire to finalize a program that will result in a determination within the Committees on Appropriations of the Senate and the House, and not allow this matter to be a continuing problem. I am certain that can be done in a fair and realistic way.

Mr. CASE. I thank the Senator from West Virginia for his observation. He is, of course, correct in that the Senators from New York, the Senators from all four States supported this project and the original request for survey and the steps which got it underway. We still think it is necessary to deal with this problem of the use of the waters of the Delaware in the most effective way for all purposes for the region, and this is not contrary to that at all.

Mr. STENNIS. Will the Senator yield to me for one short question?

Mr. CASE. I yield.

Mr. STENNIS. We have referred to the survey here and the time of making the survey has been mentioned. Does not the Senator from New Jersey think that the survey that we are contemplating can be made within a year?

Mr. CASE. I do believe that that is true, according to the best advice that we have gotten.

I yield to the Senator from West Virginia.

Mr. RANDOLPH. It would in no way be critical to say the survey was completed. What is being requested is not actually a survey, but a review, let us say, a reevaluation. That is actually what is contemplated.

Am I correct in that?

Mr. CASE. It is correct to say that, I think, although I would not want any suggestion of a restriction upon this activity, because strongly important in the inquiry, in the investigation, would be the matter of whether alternative possibilities for the development of the water of the Delaware to meet the purposes of the project are desirable.

Mr. RANDOLPH. I would add only that I have an understanding of what my colleague has said. I recall a poem "I wish there were some wonderful place called the Land of Beginning Again."

This development is not a beginning again on this project. It is a review of what has been done, an evaluation of the work that has been completed, and certainly it is not going over work which has been done and doing it again.

Is that correct?

Mr. CASE. I believe the best thing to do as far as our intentions are concerned is to just refer to the resolution.

Mr. RANDOLPH. I have not had the opportunity to study the resolution.

Mr. CASE. I think we will have no differences as to the scope. It is to be a comprehensive examination of the extent to which this, or an alternative, would be best designed to serve the purposes with which we are concerned.

Mr. RANDOLPH. I say to my friends from Mississippi and Nevada, that what I have set forth is only in the interest of keeping the record straight as this matter comes before the Senate. I appreciate the courtesy of my colleagues.

Mr. CASE. I understand and agree with the reason for maintaining the jurisdictional point that the Senator made.

Mr. STENNIS. Will the Senator yield for a moment?

Mr. CASE. I will be happy to.

Mr. STENNIS. I have not had the opportunity to read the resolution by the Commission. I am happy that they made a resolution. I do not want to be bound by words that they may use. This matter that I have been talking about, about spending $1.5 million, is something that is certainly not just a review of what has been done, but it is going to look to the situation as it is now and make some kind of observations and suggestions, as they see fit.

I thank the Senator.

Mr. CASE. Mr. President, on the basis of the record that we have made here, and with great appreciation for the cooperation of my colleagues, I withdraw the amendment.

Mr. STENNIS. I thank the Senator.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. JAVITS. Mr. President, I simply wish to thank the committee for what they did about a number of projects, including beach erosion control in the Rockaways, drift problems in New York Harbor, the Great Lakes, the Hudson River Waterway, the Fire Island Inlet to Montauk Point, and the Buffalo Metropolitan Urban Study. The State will be benefited, and we greatly appreciate the work of the committee.

Mr. President, the Public Works Subcommittee of the Senate Appropriations Committee is to be complimented on its fine job in acting on H.R. 15155, particularly with regard to numerous projects in the State of New York. I would especially like to commend the committee action on several specific projects.

PROJECT FOR BEACH EROSION CONTROL AT EAST ROCKAWAY INLET TO ROCKAWAY INLET AND JAMAICA BAY, N.Y., $4 MILLION

The problem of beach erosion on the Rockaway beaches has become so serious that the city of New York was forced to close 25 blocks of beach to the public last summer. Considering the 8 million persons who have access to New York City beaches that is very serious. At high tide, surrounding roadbeds, power lines, sewer systems, and the boardwalk are threatened. At low tide there exists, in some places, a drop of 8 to 10 feet from the last step of the boardwalk to the beach. The Rockaway beaches alone have served hundreds of thousands annually as a recreational area and are too valuable a national resource to be allowed literally to waste away.

The recently approved Water Resources Development Act contained a provision to permit the Corps of Engineers to proceed with the beach erosion control project immediately following the completion of the required environmental impact study. The corps has indicated that this study has now been completed and that it is prepared to start construction as soon as funds are made available. It has indicated a statement of capability for work in fiscal year 1975 in the amount of $4 million. I am pleased that the committee understood the pressing need to begin work on this project and appropriated sufficient funds for a significant impact on this beach erosion project.

NEW YORK HARBOR COLLECTION AND REMOVAL OF DRIFT PROJECT $330,000

The Water Resources Development Act of 1974 authorized the New York Harbor collection and removal of drift project, in effect modifying the original authorization in 1970. The modified authorization provides a Federal monetary authorization ceiling of $14 million which was based in the survey report reflecting 1969 prices and conditions. The Corps has indicated a fiscal year 1975 capability of $330,000 for this project, which was the amount included in the House-passed appropriation bill.

The New York Harbor collection and removal of drift project is not a local project in the sense that it will benefit only New York or even the New York-New Jersey area. Drift, sunken vessels deteriorated waterfront structures, and other debris in the harbor pose serious safety and health hazards, causing millions of dollars in damage each year. During the past 7 years, the city of New York has spent over $14 million on the removal of deteriorated piers alone, but, without Federal assistance, the city has been unable to make any significant headway.

The most recent cost estimate for this project, in October 1973, was approximately $39 million. The project has a benefit-cost ratio of 6.3 to 1 illustrating its very high potential return on the basis of a relatively small Federal investment.

Over 3 years have been lost since the original authorization for this project, and I was pleased that this $330,000 appropriation was provided to make a significant work start for the removal of drift and debris at critical points in the harbor.

GREAT LAKES TO HUDSON RIVER WATERWAY—$50,000 IN H.R. 15155

At my request, the Committee on Public Works agreed to institute a restudy of possible Corps of Engineers assistance to improve the New York State Barge Canal System—Great Lakes to Hudson River Waterway. This study is to broaden the scope of an existing study on the canal system to include environmental, recreational, as well as commercial considerations.

The Corps examined the study requirements, prepared a cost estimate for this study, and identified a capability for fiscal year 1975 of $50,000. This unbudgeted amount was included in the House-passed appropriations bill and I was gratified that the committee supported a similar amount in the Senate version.

FIRE ISLAND INLET TO MONTAUK POINT—$2,800,000 IN H.R. 15155

Through the joint efforts of the New York congressional delegation, the cost sharing formula for the Fire Island Inlet to Montauk Point project was amended to provide for 70 percent Federal participation in the cost. This project will provide desperately needed protection for the shores of Long Island.

The Corps of Engineers has indicated a capability of $2,800,000 which amount was unbudgeted but was included in the House-passed version of H.R. 15155, in the Senate bill.

BUFFALO METROPOLITAN URBAN STUDY—$275,000 IN H.R. 15155

At the request of Congressman BARBER CONABLE of New York's 35th District, the House Appropriations Committee added $100,000 to the budgeted amount for the Buffalo metropolitan urban study, bringing the total appropriations for fiscal year 1975 to $275,000. The purpose in providing these additional funds is for completion of the flood control study on the Tonawanda Creek, which is part of the Buffalo metro study.

The need for additional flood control measures on the Tonawanda Creek has greatly increased since the Corps initiated a study of it in 1961. The Corps has indicated that it could complete the study of the Tonawanda Creek portion of the Buffalo metropolitan urban study with this additional $100,000.

I fully supported this increased appropriation to provide the full $275,000 in the Senate version of H.R. 15155.

In conclusion, I deeply appreciate the consideration of the committee of these and other projects which are of such significant importance to New York State.

Mr. STENNIS. We thank the Senator from New York very much.

Mr. COOK. Mr. President, I send to the desk an amendment and ask the clerk that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. COOK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 5, lines 19 and 20, in lieu of "984,-838,000" insert "986,338,000".

Mr. COOK. Mr. President, the purpose of this amendment is to add $1.5 million to this budget for the continued construction of Paintsville Lake.

Mr. President, the Paintsville Dam project is a project already underway. Funds have already been expended, by an act of Congress, in the acquisition of land. This Senator took a dim view of the recalcitrance of the Corps of Engineers in this project purely and simply because they have not done their homework.

Mr. President, during the past 5 years I have introduced and supported legislation to improve the water resource development programs in the Commonwealth of Kentucky. My primary concern has always been the threat to life and welfare and damage to property caused by flooding. I have also considered the benefits inherent in each project as it relates to the area in which it will be located, as well as its contribution to environmental protection. As the distinguished chairman of the Senate Appropriations Committee knows, this Senator has, on numerous occasions, communicated his feelings to the committee on the more controversial water resource development projects in the Commonwealth.

One such project I have studied to a considerable degree is the Paintsville Lake project, located on Paint Creek about 4 miles west of Paintsville in Johnson and Morgan counties, Ky. This lake would control a drainage area of 92 square miles and is estimated to cost $32,900,000. In excess of $3,700,000 has been allocated for planning and initiation of construction to date.

In my remarks to the Public Works Subcommittee of the Senate Appropriations Committee June 29, 1973, I recommended the Paintsville Lake Project—

Should no longer be considered by the committee and funds for continued construction—should—be withheld indefinitely.

And in my remarks before the subcommittee on April 25, 1974, I stated it was my—

Inescapable conclusion that the request of the Corps of Engineers for the Paintsville Dam and Reservoir must be carefully studied, and that all funds already appropriated for the project be withheld until such study is complete.

The ostensible motivations leading to my decision to oppose Paintsville Lake at those times were several, the most persuasive of which was the failure of the Corps of Engineers to evaluate the effect of the oil and gas wells found in the area of the lake.

I was concerned that the Congress not allow the project to go forward at this time as the Corps of Engineers would be creating an oil slick which would result in a liability rather than as asset to the commonwealth. I felt that since the area to be flooded was inundated with over 400 abandoned, unrecorded, unmapped, and uncapped oil wells, whose residual oil and saline solutions would wreak havoc on the water quality and recreation, I could not conceive of how the Congress could justify giving the project a green light until these problems were not only identified, but resolved.

I am now pleased to report, as of July, to the Senate that this deficiency has not only been investigated, studied, and evaluated, but, I hope and believe, it has been solved.

May I say that through our efforts, Mr. President, the Corps of Engineers hired an organization known as General Analytics which went into the area, did a ground study, did a map study, and found in the entire watershed somewhere in the vicinity of 2,500 facilities; got it down then to 400, and finally got it down to 199 within the watershed of the lake. We are now down to the fact that they have discovered and established almost 90 abandoned oil and gas wells which they have assured this Senator, and have assured me through their correspondence as of July 9, 1974, that they are now prepared to cap these wells; are now prepared to test these facilities so that we will not run into the danger of winding up with a dead lake at the time that it is created. I ask unanimous consent that Huntington district engineer Col. Kenneth E. McIntyre's letter to my office of July 9, 1974, be printed in the RECORD at this point in my remarks.

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

DEPARTMENT OF THE ARMY,
*Huntington, W. Va., July 9, 1974.*

Hon. MARLOW W. COOK,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR COOK: I refer to your letter of 25 June 1974 regarding a 13 June 1974 *Licking Valley Courier* article. The following information regarding the Architect-Engineer contract for oil and gas wells inventory, Paintsville Lake Project, is furnished as requested.

The contractor, General Analytics, Inc., has indicated that the Paint Creek Basin area field work is essentially completed with 2,750 wells, facilities and systems having been inventoried, of which 2,500 were well sites. This increase in the number of sites located and inventoried was not unanticipated as is indicated by the Paintsville Lake Design Memorandum No. 5, Volume II, Geology and Soils, dated 27 November 1973, which states:

"Within the drainage basis of the Paintsville Lake Project there are approximately 1,050 oil and gas wells referenced. Located below the limits of flowage easement acquisition there are 40 known gas and oil wells. All oil and gas wells have not been located and some investigators state a 2-times factor is generally representative of the number of oil and gas wells which may be encountered in the field. However, in the Paint Creek drainage basin the number of referenced wells is considered more nearly indicative of field conditions since the successful utilization of water-flooding secondary recovery methods requires the plugging of improperly abandoned wells located adjacent to producers.

"The problems associated with the location of abandoned oil and gas wells and the plugging of oil and gas wells, as required, are not unique to the Paintsville Lake project. Completed projects in the District which required oil and gas well plugging are Grayson Lake, Ky., and East Lynn Lake, W. Va. At both of these projects the plugging was successful and no well source pollution has been noted.

"The Paint Creek project differs from these lakes in the number of wells referenced which includes all sites within the drainage basin area. This comprehensive program, to determine well locations and to evaluate well conditions, would result in the identification of potential sources of oil and brine pollutants located above the limits of the Paintsville Lake.

"Conditions observed to date consist of oil and brine surface seepage from improperly abandoned wells and collection systems, surface discharge of oil or brines from producing wells, and leakage from inadequately maintained collection, storage and holding basin facilities.

"The data presented in this report and referenced as Exhibit Nos. I and II consist of industrial and governmental publications prepared from 1897 to present, and to well location mapping of the period 1916 to date."

In the District's letter to you of 25 March 1974, LTC Orland K. Hill stated:

"The services requested under this contract provide for visual identification and photography of conditions of all the oil and gas wells, abandoned as well as active, and storage facilities in the Paintsville drainage basin. A check list is required to be prepared which includes the notation of oil, gas and brine leakage from casing, production lines, pumps, separators, basins, collection lines and pump stations. The contract also requires the contractor to obtain information on oil and gas wells and related facilities by meeting with industry, government agencies, local groups and individuals. The scope of these services was coordinated with appropriate Kentucky State officials.

"Wells and related facilities within the reservoir acquisition limits will be plugged and treated to eliminate pollutants such as oil, gas and brine from entering the lake. Information (location, condition and leakage) from wells within the drainage basin but outside the Government acquisition lines will be furnished to the appropriate State or Federal agencies having jurisdiction."

General Analytics, Inc., on 6 March 1974, proposed:

"Preliminary work by the Corps of Engineers has resulted in the location of 1,042 wells and related facilities. We intend to add to this number, if possible, by checking the above indicated sources. Each site will be inspected to determine its condition and will be located on a film positive of pertinent U.S.G.S. 7.5 minute topographic quadrangle maps. These maps will be used in preparing the comprehensive location map based on the latest available editions of 7.5 minute topographic quadrangle maps at a scale of 1:24,000. Details of conditions at each well or related facility site will be indicated on the Oil and Gas Well or Facility Check List prepared by the Corps of

Engineers. If modifications to this form are required, they will be cleared with the Corps of Engineers prior to such action. In addition, each form will contain a photograph of the well or facility and a location map. The site location map will be an instant copy of the appropriate portion of the Paintsville Reservoir Project Topographic Survey Print Folio at a scale of 1:4800."

Of the inventoried sites, 199 were noted as being within the approximate Real Estate acquisition limits, while 80 were located below the flood control pool for the proposed lake. These 199 inventoried sites are further categorized to indicate leakage conditions as per the attached Table.

The Kentucky Geological Survey and Department of Mines and Minerals feel that the final report will enable the District to undertake a program wherein wells and related facilities immediately adjacent to and within the reservoir acquisition limits will be plugged and treated to eliminate pollutants such as oil, gas and brine from entering the lake. Information (location, condition and leakage) from wells within the drainage basin but outside the Government acquisition lines will be furnished to the appropriate State or Federal Agencies having jurisdiction.

Inventory information, draft reports and location maps will be forwarded to your offices as they become available to the District.

Sincerely yours,

KENNETH E. MCINTYRE,

*Brigadier General, USA District Engineer.*

Mr. COOK. Mr. President, I commend the Corps of Engineers for what I consider a conscientious effort—and a lot of prodding—to consult with the knowledgeable agencies and departments to locate the 199 wells within the approximate real estate acquisition limits, and the 80 wells located below the flood control pool. Specifically, I refer to Colonel McIntyre's statement:

The Kentucky Geological Survey and Department of Mines and Minerals feel that the final report will enable the district to undertake a program wherein wells and related facilities immediately adjacent to and within the reservoir acquisition limits will be plugged and treated to eliminate pollutants such as oil, gas, and brine from entering the lake. Information—location, condition, leakage—from wells within the drainage basin but outside the Government acquisition lines will be furnished to the appropriate State or Federal agencies having jurisdiction.

This is indeed a significant contrast to previous reports last year, when Colonel McIntyre assured me that only 17 wells were known to exist in the area to be impounded, while 77 wells were known to be within the real estate acquisition limits. I think that the figures speak for themselves and the danger has been removed.

We have gone from 77 to 2,500, and we have gone from 17 to almost 90.

During the Senate Appropriation Committee's consideration of the fiscal year 1974 appropriations, the House of Representatives proposed appropriation of $1,720,000 for continued construction at Paintsville was deleted from the Senate's bill. At that time, and under the circumstances that prevailed, I believed the Senate's actions were appropriate. For fiscal year 1975, the House proposes $1,500,000 for continued construction, but as you know, last week the Senate Appropriations Committee deleted this sum from H.R. 15155, the Public Works for Water and Power Development and Atomic Energy Commission Appropriations bill for 1975. Under the circumstances that existed until recently, I remained convinced the committee was justified in deleting the appropriation.

Mr. President, I now feel that real estate acquisition can continue on this project because we now have assurance from the Corps of Engineers that they have found all of the abandoned oil and gas wells; that they will proceed to plug these wells so that we no longer have the situation in Johnson County where we could conceivably have the construction of a flood protection facility that, at the time that it was really full to capacity, and for the purpose for which it was intended, would be nothing but one large oil slick.

However, Mr. President, I submit to my colleagues the situation with regard to Paintsville has changed. Prior to my questioning certain inherent problems at Paintsville, the Commonwealth of Kentucky and the Nation would have inherited from the corps a lake inundated with oil and gas. Upon further investigation of the subsequent progress made at Paintsville, I find this problem has been eliminated by the corps' actions, and that it is safe at this time to go ahead with the project which will now be a tribute to eastern Kentucky and the Commonwealth. Today I am satisfied the Federal Government's investment of $32,000,000 at Paintsville will no longer be a boondoggle, but rather a sound and worthwhile investment now that we know the lake will be built properly.

The amendment I send to the desk would appropriate $1,500,000, as has been approved by the House, for continued construction of Paintsville Lake. I request the Senate's affirmative action on my proposal.

Mr. President, I yield the remainder of my time.

Mr. STENNIS. Mr. President, will the Senator yield for a question?

Mr. COOK. I yield.

Mr. STENNIS. Mr. President, in June the committee received a letter from the Senator in which he related his opposition. He was opposed to the project, and the Senator so testified at the hearings held earlier in the year. I am not sure that I caught all that he said as to why he changed his position.

Mr. COOK. Mr. President, may I say to the Senator from Mississippi, in June we had not received a report from the Corps of Engineers. We did not know at that time that they had hired an organization called General Analytics whose job it is to determine these particular kinds of facilities on these projects. On July 9 we were advised by the corps that General Analytics had completed a survey for them in the area to be flooded. Instead of some 17 or a handful, as they had originally told us in their environmental impact study, they had found some 87 or 88 abandoned oil and gas wells. They said they would proceed to test them, to plug them, and to see to it that those facilities would in no way constitute a danger to the lake. In their form prior to that time we would have had tremendous water pressure because of the narrowness of the lake—a tremendously deep facility—and almost a natural percolation of those oil wells that would produce saline in the lake, which in effect would kill all marine life, would kill all aquatic life. This has now been resolved. Since this Senator's communication with the corps in July and my communication with them since, they have resolved this problem. We did not feel in June, when we testified before the committee, that this had been done. We realize that this has been done.

We now feel that we have afforded a service to the people of that area whereby the Corps of Engineers has corrected a situation that would have facilitated a flood protection project on the part of the United States that they would not have wanted under any circumstances.

Mr. STENNIS. I ask the Senator this question: What is the situation about covering up those wells that have a possibility of additional oil there, covering them up with this water, when there is a prospect that they can afford energy and help meet this energy crunch?

Mr. COOK. The Senator from Mississippi and I have been on the same side in this regard, in wanting to resolve these matters. These are old, abandoned wells; some have been abandoned since before the turn of the century. However, they still may have all kinds of salt water residue and all kinds of saline problems, and the ability to produce a barrel a day, which nobody would conceivably pump. But if one were to produce that kind of facility, out of 88 of those, into a lake, the end result would be that that lake could be one large oil slick.

There also would be the problem that old gas wells are in there but probably do not produce anywhere near sufficient pressure to even worry about or to even go back into. But if they are permeated with more than 200 or 300 feet of water and the weight of that residue would get out of those facilities, it would present a great deal of danger in that particular facility.

Those problems have now been resolved by the Corps of Engineers. The money that has already been spent, the acquisitions that already have occurred, can now continue in continuity to the program and to the schedule the Corps of Engineers has set out.

Mr. STENNIS. The situation is that the Senator's letter and his testimony and past actions were completely in opposition to this measure, and we did not know anything about the Senator's position to the contrary until this morning.

The budget has a million dollars. The House put in a million and a half dollars.

We will consider this matter in conference, in light of the new testimony. The Senator's position is a big part of that new testimony. But to be taken by surprise that way means that the committee is at a disadvantage. I wish the Senator had let us know earlier.

What is the Senator's response to that?

Mr. COOK. May I say to the Senator, in all good conscience, that the Senator

from Kentucky did not want to surprise the Senator from Mississippi. The Senator from Kentucky merely says that the Senator is not surprised but is delighted that the Corps of Engineers has resolved the problem that existed.

This matter has been before Congress many times, and money has been appropriated. Money had been appropriated until the Senator brought the matter before the committee and said that a situation has to be corrected.

I am now delighted to advise the manager of the bill, the Senator from Mississippi, that the corps has advised me that it has been corrected.

I see no reason to delete these funds, under the circumstances, because it is a project that has had quite substantial approval by Congress for a period of time.

I say, in all honesty, that the Senator did not wish to catch the Senator from Mississippi by surprise. I feel that several amendments will be presented on the floor of the Senate and that those amendments will be honestly considered by the membership.

Mr. STENNIS. Mr. President, I think the Senator has received all the facts we can bring him on this matter, anyway.

The budget request was a million dollars, and we seriously considered the opposition of the Senator from Kentucky. He represents the people there.

We would be glad if the Senator were to modify the amendment to the budget amount.

The Senator from Nevada is on his feet. He handled the bill last year. I yield to him, if he wishes to make a statement.

Mr. COOK. May I say, before the Senator from Nevada speaks, that I would be more than delighted to amend my amendment to conform to the request of the Senator from Mississippi, simply because we know that we are in land acquisition efforts now, and to that extent I think that would be more than sufficient.

Mr. STENNIS. I thank the Senator from Kentucky.

Mr. President, I yield to the Senator from Nevada.

Mr. BIBLE. Mr. President, I thank the Senator from Mississippi.

I was privileged to handle the public works appropriation bill last year in its entirety. I hope that I was somewhat helpful to the Senators from Kentucky in attempting to resolve this problem. It was a difficult and troublesome problem. I commended the Senator from Kentucky then, and I repeat that commendation today. He had a problem. He thought the Corps of Engineers had not properly evaluated it. He brought that to my attention. We not only did not allow it in the basic bill; we finally capitulated in the conference with the House.

I promised the Senator from Kentucky that I would undertake an oversight role in this matter and would ride herd on the Corps of Engineers, to see that they met some of these unanswered problems and questions, not only of the Senator from Kentucky but also of the constituents in that particular area—or many of them. I do not know whether it would be a majority, but there were quite a number. He followed that suggestion. The Corps of Engineers did respond.

The Corps of Engineers has come back with this report; that is what he wanted. He wanted this evaluation, and he has received it, and I would certainly defer to his desire to reduce the figure to $1 million, which is the budget figure. I cannot see bringing the matter back to conference, because we have too many things there already.

Mr. STENNIS. I thank the Senator for his remarks.

I say to the Senator from Kentucky that I fully accept his explanation about the matter of surprise. I know that he is not a designing man. The fact is that we did not know about his change of position.

Mr. COOK. Mr. President, before taking up the question of the modification of my amendment, may I say that the Senator from Nevada (Mr. BIBLE) was tremendously helpful in getting the Corps of Engineers to make these evaluations, in getting the Corps of Engineers to realize their responsibility in this problem. There is really no way I can thank him enough.

It has always been my fear that this was going to be established; that under the failure of the corps to develop a program by which this leakage could be taken care of, the people in that part of the Commonwealth would have a facility they never could use, and the only way they could have corrected it after its creation would have been to completely drain it and clean it and then have done the job they should have done so that they could have the kind of facility they anticipated in the first place.

Mr. President, I ask that my amendment be modified in accordance with the request of the Senator from Mississippi.

The PRESIDING OFFICER (Mr. HATHAWAY). Does the modification mean that the $986 million would be changed to $985 million?

Mr. COOK. The figure would be increased by $1 million, not by $1.5 million.

The PRESIDING OFFICER. The amendment will be so modified.

The modified amendment is as follows:

On page 5, lines 19 and 20, insert the following: in lieu of "984,838,000" insert "985,838,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

Mr. STENNIS. I thank the Senator.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. Mr. President, there is a special schedule for this afternoon, what time is that cloture vote scheduled for?

The PRESIDING OFFICER. The Senator is correct.

At 1:15 we will proceed to debate the issue of invoking cloture on S. 707.

Mr. STENNIS. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. The time has not been used on this bill, so I judge that would suspend the running of time and we would resume it after the cloture vote?

The PRESIDING OFFICER. The Senator is correct.

Mr. STENNIS. I thank the Chair very much.

The Senator from Illinois had an inquiry to make.

Mr. STEVENSON. Mr. President, will the Senator yield for a question?

Mr. STENNIS. I yield, on the bill, Mr. President.

Mr. STEVENSON. I thank the Senator.

Mr. President, I was greatly surprised as was the senior Senator from Illinois, by the committee's deletion of an appropriation for the William L. Springer Reservoir near the city of Decatur, Ill., $600,000 was budgeted by the President for this project for fiscal 1975 and that amount was approved in the House bill.

Most of the money requested in this year's budget will be used for continued planning to reconcile certain concerns about the environment with the growing needs of this community for water; $360,000 of the $600,000 total requested in the budget would be used for planning which is necessary to provide answers to the problems which confront this community.

This is not construction money, it is simply money with which the corps, the State of Illinois, and the local interests can reconcile this conflict between the concern for the environment on the one hand and the need for water on the other.

That sum of $360,000 was deleted by the committee, and the remaining $240,000 which was for land acquisition was also deleted.

Mr. President, I recognize the desire of the committee to cut back Federal spending and to limit projects of doubtful value, but this cut would be at the expense of a project which may be essential to one of the most productive communities in our agricultural heartland.

So I urge the members of the committee to reconsider their position, and I urge the distinguished manager of the bill and the Senate conferees, to accept the $600,000 appropriation in the House version. If not the $600,000 figure, I would hope the committee might, at the very least, consider retaining $360,000 for planning, so that the whole project will not be abandoned after many years of investment, after many years of very earnest, serious effort that has been made to bring this project to fruition.

Mr. STENNIS. Well, in response to the Senator from Illinois, this project was just one of those along with others that had very marginal justification on the cost-benefit ratio. There was rather strong opposition to it, there was official opposition to it, and everything considered, it just did not meet guidelines that we tried to establish in the subcommittee to help us mark up this bill.

Now, there is money, as the Senator has said, in the bill from the House side

which would put the matter automatically in conference and we would feel that we were under obligation, of course, in trying to reach settlement and agreement with the House, to consider, again, the facts, and also consider their position and their argument.

We certainly promise the Senator from Illinois to do that.

We were not automatically just trying to kill the project, I can assure him of that, but as he knows, it is a marginal project and there is much official opposition. We will agree to evaluate and consider everything in conference.

Mr. STEVENSON. I thank the Senator.

The Senator's position would probably have the effect of not killing this project, which is supported by the House, supported by the Corps of Engineers, and is essential to this community.

I would be very grateful.

The PRESIDING OFFICER. Under the previous order, the hour of 1:15 now having arrived, the Senate will resume consideration of unfinished business and proceed to debate the issue of invoking cloture on the bill.

Mr. STENNIS. Mr. President, I ask for 1 minute of additional time.

Mr. MANSFIELD. Will the Senator yield?

Mr. STENNIS. I yield.

Mr. MANSFIELD. I want to make a change. I hope it will not interrupt the colloquy, but as the Senator knows, the Senate has agreed to a cloture vote at the hour of 2:30, with the quorum to start at 2:15 and with the time to begin running at 1:15.

I have talked with several of the people interested in the bill, and I ask unanimous consent that the 1-hour time extension be waived and that instead there be a 10-minute limitation, all time to be equally divided, and that that time is to start at the hour of 1:05.

Mr. GRIFFIN. Mr. President, reserving the right to object——

Mr. MANSFIELD. The vote will occur at the same time.

The PRESIDING OFFICER. The Senator from Montana means 2:05 p.m.

Mr. MANSFIELD. Mr. President, let me change my request.

I ask unanimous consent that notwithstanding the unanimous consent agreement, time on this bill continue not to exceed the hour of 2:05 and if there are any votes on this motion to recommit, I understand a motion on passage will immediately follow the vote on cloture.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CHILES. Mr. President, reserving the right to object, because I did not understand, if we were to continue debate on this bill, if we had time, we would go on and take up amendments or a motion to recommit, or both, if there was sufficient time and the vote afterwards, or would we just wait and postpone all of those until after the vote occurs?

Mr. MANSFIELD. Finish the bill insofar as we can.

Lay down the motion to recommit if it is offered, get the yeas and nays if it is opposed, get permission to have a rollcall vote on passage, but the votes start taking place on the present bill because of the time factor and the press of business immediately after the vote on cloture.

Mr. CHILES. Well, I think, again, I would have no objection to that if we were going to have sufficient time to debate the motion to recommit, if we got caught in a time squeeze where we only had——

Mr. MANSFIELD. Well, then we would have to go over and resume debate after the cloture motion, with that proviso.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. PERCY. Mr. President, I am sorry I was not here for the entire colloquy with my distinguished colleague (Mr. STEVENSON), but if I could have the Senator's attention for just a moment, I would like to very clearly indicate that it would be very costly for us to stop the planning, stop the Lake Springer project at this particular time.

Mr. STENNIS. Mr. President, I have to ask for quiet to the extent that we may hear the Senator from Illinois.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Illinois may continue.

Mr. PERCY. I have an amendment, and I would respectfully suggest it be considered and hope it could be accepted now. It would take into account that no money should be spent for land acquisition until certain questions have been settled.

But certainly the money for planning should be continued. It is $360,000. It would cost a great deal if this work were not carried on, if it were precipitously stopped now and then started again later.

So really, in a sense, this provides continuity to the program at this stage, while these questions are solved that have been recently raised. The corps is now studying it, and GAO is in the process of studying it. But to precipitously cut it off until such studies have been completed, I think, would be a misuse of funds, considering the modest amount of money, for a very important project to provide for the future water supply of a great industrial ctiy in the Midwest.

I hope the distinguished Senator will accept this compromise position.

As I say, Mr. President, I am prepared to introduce an amendment to reinstate in the public works appropriations bill construction money for the Lake Springer Army Corps of Engineers project in Decatur, Ill. The House of Representatives allowed $600,000 for this project, but the Senate Appropriations Committee deleted the whole item. My amendment would put back into the bill $360,000 which would be used for continued planning.

The other $240,000 which I am not asking to be reinstated, is to be used for the beginning of land acquisition. Land acquisition is an important step in the construction phase. Therefore, I feel this money need not be appropriated this year until the remaining problems involving Lake Springer have been solved.

As many of my colleagues may know, this project, formerly called the Oakley Dam project, has been one of the more controversial projects in my State and is well known by environmental groups throughout the country. I have always been a supporter of the project which is designed to increase the water supply for the city of Decatur. However, this year the committee's attention was directed toward certain questions that should be answered before the project can proceed further. These questions, which I will not go into detail on now, involve the water quality of the new lake that will be formed, the true estimated water quantity that is needed and the question of flood control protection to farmers upstream and downstream from the reservoir. Other questions on the environmental affects of the project have also been voiced by many environmental groups.

The corps and GAO are in the process of studying these questions now. However, planning money to continue the corp's investigations is needed if they are to arrive at any answers. I want to see the problems settled now, this year, not dragged out over the next 5 years. It is only fair to the people of Decatur to know where they stand. Therefore, this amendment would allow the corps to continue its study to arrive at a definitive decision as to whether or not the project should proceed.

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. STENNIS. Mr. President, as I say, we have considered this project, and the present cost-benefit ratio is 1:06 to 1. I have already said, too, that we had to have some kind of guidelines to go by, and we have the position of the State of Illinois—there was testimony from the official State planning office—representing the Governor of the State that was adverse, at least adverse until certain matters could be settled, and certainly neither one of the Senators from Illinois, and I speak with great deference to them, urged us to put the matter in. Most of the testimony was adverse.

The Senator mentions that now the General Accounting Office has gotten into it. Mr. President, it is getting to where, with so many of these projects we have so many different groups to contend with, the committees can hardly get around.

The General Accounting Office is a very honorable group. Mr. Staats is exceptionally fine. But with the environmental organizations and all, it is getting to where the committees cannot carry the load.

I have said already, and I repeat, that we have these funds in the House bill, and we will confer further with the Corps of Engineers and with the General Accounting Office, if they have anything to offer. We would like to take a firm, strong letter from each of the Senators from Illinois to the conference with us, and we will give their Governors' planning office a chance to restate its position, and then we will reevaluate our own position.

I cannot guarantee anything, and I would not want to be bound by a prom-

ise on the planning money, but we will have to reach some agreement with the House conferees to bring back a bill, as the Senators know.

I believe that is the best way to handle it, with all deference to everyone.

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

Mr. PERCY. I am happy to yield to my colleague.

Mr. STEVENSON. Mr. President, I want to correct just one statement, most respectfully, which the distinguished floor manager made. This position is not a changed position. I testified before the Appropriations Committee, emphatically in support of the full $600,000 that was budgeted by the President, approved by the House of Representatives, and supported by the Army Corps of Engineers.

Certain problems have arisen in connection with this project, as the distinguished manager recognizes.

Mr. STENNIS. Yes.

Mr. STEVENSON. I have raised questions about it. The Governor has raised some questions. But that is the reason that we feel it is essential to get at least this additional $360,000, so that these problems can be sorted out, reconciled, and solved—so the project can go ahead, and so we end up with an adequate supply of water for the growing community of Decatur.

Without the continued funding, this project will die, after the considerable investment of money and time that has already been put into it. So I would urge, as I have already done, that the conferees reconsider their position. I would ask that they reconsider their position with respect to the full $600,000, and at the very least seek a compromise with the House of Representatives that would retain the $360,000 for planning, and keep this important project alive.

Mr. PERCY. Mr. President, I certainly have always, in dealing through the years with our distinguished and beloved colleague from Mississippi, tried to evaluate projects and to give an honest reporting on what is really needed.

There is no question about the water needs of Decatur. Questions have been raised as to the quality of the water that will be provided, as to the flood control protection of farmers upstream and downstream, and as to the environmental question. If the Senator would like letters from both Senators from Illinois and from the Governor, I will leave the letter from the Governor, who is a Democrat, to the junior Senator from Illinois, but I will furnish a letter, and I concur that it would be tragic to lose the $360,000. To lose the moneys that have already been expended and then start up again would mean that the costs would be disproportionately high.

I thank the Senator.

Mr. STENNIS. I thank the Senator. I appreciate the problem. I know that problems such as this have come up in my own State over the years, but such problems are more numerous now, with the ecology requirements and everything else, and the question of well water versus reservoir water, on these water reservoirs, goes into the cost ratio now more than it did.

I think we understand each other. I would like to have those letters, and we will communicate with your Governor's office.

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 5, lines 19 and 20, in lieu of "$984,833,000" insert "$985,138,000".

On page 6, line 1, after "Provided further," insert "that $300,000 of this appropriation shall be available only for the Fort Scott Dam and Reservoir Project, Kansas: Provided further,".

Mr. DOLE. Mr. President, I shall discuss this amendment briefly. I have discussed it with the staff members on the minority and majority sides, and also with my colleagues. The amendment has to do with the Fort Scott Dam and Reservoir project.

The House bill contains an appropriation of $300,000 for the Fort Scott Dam and Reservoir project and provides initial construction funding for this project. This was one of the original projects including in the Pick-Sloan plan. The project has received active support from the citizens of eastern Kansas and western Missouri for more than 15 years.

The benefits to be received from the construction of this lake are many. There has never been any question of benefits that would be received from flood control. Reduction in loss of real property has always been a key goal. In this age of food shortage, the savings in loss of fertile cropland and agricultural commodities have become increasingly important.

Provision for adequate future supplies of water is also important. Most of the area citizens receive need their water through a single water processing system. That has been another insofar as this project is concerned. The water supply provided by this project would substantially aid the overburdened rural water system which presently serves Bourbon County, Kans., and Vernon County, Mo.

This reservoir would serve as a catalyst for growth in an area which presently experiences high rates of unemployment coupled with little economic growth. Southeast Kansas and southwest Missouri are in need of industrial development and an increase in the average income per capita.

Mr. President, the cost-benefit ratio of this project is reported to be low. I have discussed this matter with both the proponents and the opponents of the reservoir. I have discussed it with my distinguished senior colleague (Mr. PEARSON), and understand the reluctance on the part of the committee to include it in the bill, because of the cost-benefit ratio; but the money is provided in the House bill, some $300,000. In view of the House action, the Senate should act in a manner consistent with the study and work already done in the House.

Mr. STENNIS. Mr. President, the Senator has described the cost-benefit situation correctly as being marginal. It is a marginal project.

It is one of those we left out, Mr. President, under the guidelines that we established and uniformly used all the way through, and this low, low benefit cost ratio was one of the major reasons.

The matter will certainly be entitled to a review and a reconsideration of the facts and everything in conference, and we will endeavor to reach agreement with the House conferees and consider every project. This will be included.

I appreciate the Senator's attitude very much, and I am glad he made his record here, presented it here, the way he has.

Mr. DOLE. I thank the distinguished chairman, and am assured that the project was considered fairly and objectively. That is all we can ask.

We are all concerned about spending at this time, and those interested in Fort Scott, whether they be opponents or proponents, can be certain that they have had a fair consideration.

I request at this time to have included in the record a letter from the city of Fort Scott, Kans., signed by Mayor John S. Baker; a letter from a long-time proponent of this project, a very distinguished Kansan, Harry W. Fisher; and a resolution from the city of Fort Scott with reference to the project.

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

CITY OF FORT SCOTT,
*Fort Scott, Kans., April 29, 1974.*

Senator JOHN C. STENNIS,
*Chairman, and Other Members, Senate Appropriations Subcommittee on Public Works, Dirksen Office Building, Washington, D.C.*

GENTLEMEN OF THE SUBCOMMITTEE ON PUBLIC WORKS: It has been approximately twenty years since consideration was first given to construction of a flood control reservoir on the Marmaton River west of Fort Scott, Kans., this project being identified as Fort Scott Lake.

In the meantime, flooding has continued, crops have been ruined, and much valuable top soil lost. These conditions affect not only the people in the Fort Scott area, but our neighbors in western Missouri as well.

The people have waited patiently and everyone realizes that there are many just demands on Federal funding. We do feel, however, that this project has long been established as being necessary, even critical.

We are, therefore, requesting funding in the amount of nine hundred thousand dollars ($900,000.00) for the commencement of construction. This figure reflects the capability as submitted by the corps of engineers (attached are self-explanatory enclosures in support of this).

Your earnest consideration and appropriate action will be appreciated by the many people in the Fort Scott Lake Project area.

Cordially,

JOHN S. BAKER,
*Mayor.*

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FORT SCOTT, KANS.,
*April 29, 1974.*

Re Marmaton River impoundment, Fort Scott, Kans.

PUBLIC WORKS SUBCOMMITTEE ON APPROPRIATIONS,
*U.S. Senate.*

GENTLEMEN: This impoundment part of original Pick-Sloan Plan. Active promotion for over 15 years.

Many volumes of evidence introduced showing need and value. $770,000 appropria-

tions spent in planning and engineering. All ready to go when construction money available. Bypassed many times, for construction in more populous areas.

Land costs and construction costs climbing so that in another year cost benefit ratio will be poor, but good now.

Situated in high unemployment area.

Please do not let us lose the money spent and work done for lack of small appropriation at this time.

Respectfully submitted,

HARRY W. FISHER.

RESOLUTION

Whereas, the Congress of the United States is now considering the appropriation of funds for flood control in the Kansas River Basin; and

Whereas, the City of Fort Scott is situated on the banks of the Marmaton River in Bourbon County, Kansas, and has sustained incalculable losses and property damage as a result of the rampages of the said river, and

Whereas, the most recent of which flooding was in early March of this year, with the Spring rains yet to fall, and

Whereas, it is the conviction of the Governing Body of the City of Fort Scott that the Corps of Engineers project known as the Fort Scott Lake or the Marmaton Valley Reservoir would provide a means of controlling the said Marmaton River as well as stimulate conservation of natural resources and recreational and economic development; now therefore, be it

*Resolved* by the Governing Body of the City of Fort Scott, Kansas, That it hereby petitions the Congress of the United States and its legislative committees to grant the people of the City of Fort Scott and Bourbon County, Kansas, relief from the periodic inundations of the Marmaton River by passing with all due haste the act relating to the appropriation for the said Fort Scott Lake project.

Mr. DOLE. On that basis, Mr. President, I withdraw my amendment, and I yield to my distinguished senior colleague, Senator PEARSON.

Mr. PEARSON. Mr. President, the Fort Scott Reservoir project was first authorized by the Congress in the Flood Control Act of 1954. This multipurpose project has been eligible for construction funds since 1968. But the Congress has failed to provide the funds. I believe we have asked the citizens of the Marais Des Cygnes-Osage River Basin to wait long enough. These citizens want and need flood protection.

I am encouraged that the House has included construction funds in H.R. 15155. And I am hopeful that the Senate conferees will permit the inclusion of these funds in the final version of this bill.

Mr. STENNIS. Mr. President, I thank the Senator from Kansas (Mr. DOLE) very much and, since his amendment is withdrawn, I do not have to yield back the time.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. STENNIS. I believe that completes the amendments, those we know about, except a motion for recommital, and that we could now have a third reading.

Mr. HOLLINGS. The Senator from Florida did want to be on the floor to make that motion.

Mr. STENNIS. We are going to wait for him. If there are no further amendments, I am calling for a third reading.

Mr. STEVENSON. Mr. President, will the Senator yield for two more questions?

Mr. STENNIS. I am glad to yield to the Senator from Illinois.

Mr. STEVENSON. Mr. President, these questions are not directed to the public works projects but to the appropriations for the Atomic Energy Commission.

Today, perhaps the most critical problem affecting the security of mankind is how to prevent nuclear weapons from coming into unauthorized hands or from spreading to new nations. Such weapons in the hands of terrorists would be an unparalleled calamity.

The AEC appropriations bill which is before us includes $5.033 million for research to develop more effective nuclear safeguards. This is an increase of about 10 percent which, on the face of it, looks like little more than enough to keep up with the costs associated with inflation.

There is also in this appropriation bill a mere $675,000 for safeguard equipment and instruments. In sum, the AEC is proposing to spend a little more than $6 million on developing methods and procuring equipment to safeguard fissionable material which could be turned into lethal weapons either here or abroad.

I suggest to the Senate that these funds are inadequate for the scope of the problem which we face. Little of this program, if any, will have application to the development and implementation of international nuclear safeguards. So I would first suggest that the AEC consider earmarking some of these funds to deal with the development and implementation of improvements in international safeguards, including safeguards against diversion of fissionable materials produced by the foreign-designed nuclear reactors.

I ask the Senator if there is anything in this bill that would prevent the Atomic Energy Commission from using part of these funds for the development of international safeguards.

Mr. STENNIS. My quick answer to that is I feel that they do have funds in this bill that could be used for the purposes outlined by the Senator from Illinois. There is a fund to take care of safeguards, security, and so forth, that has quite a sum of money in it, so I do not think the Senator would have to ask for an additional appropriation on it.

Mr. STEVENSON. I am not suggesting an appropriation. I am referring to the $5.033 million appropriation for research and development of safeguards. It is beyond dispute that the existing safeguards which have been developed are inadequate to the task of safeguarding nuclear materials, especially in connection with, for example, the heavy water reactor produced by Canada as opposed to the light water reactor produced by the United States.

My question is whether this appropriation for research, as opposed to the appropriation for regulatory activities, is broad enough to permit research on the development of technology with which to safeguard fissionable materials produced by foreign-designed reactors.

Mr. STENNIS. Well, the Senator is eminently correct. There is money in the bill for that purpose. It is available for these purposes. It is one of the high priorities. If we looked over their budget, we would find scattered into various parts of the bill for research and for security and safeguards and related matters, as the staff member estimates, a sum of at least $90 million that is available for those general purposes.

Mr. STEVENSON. I thank the Senator for that assurance.

Mr. President, I hope that at the earliest time the AEC will seek whatever additional funds are necessary to expand its efforts to develop and implement adequate domestic and international safeguards. The time is short. Nuclear technology and international nuclear trade is expanding with frightening speed.

I offered yesterday an amendment to the Export Administration Act which would have proposed a 1-year moratorium on international transfers of nuclear materials until adequate safeguards could be developed. This amendment was withdrawn. However, if we do not have a moratorium, the least we can do is to accelerate and expand our efforts to insure that international commerce in nuclear technology does not become the means of spreading nuclear weapons to nonnuclear weapon countries or of allowing nuclear weapons or materials to fall into the hands of terrorist groups.

Not only should we expand our national programs in this area, but we should also make every effort to support similar programs undertaken by the International Atomic Energy Agency, and other nations around the world.

Last night the Senate did adopt my amendment to the Export Administration Act which requires the President to report to Congress within 6 months on the adequacy of U.S. and international safeguards. If that report indicates the need for increased expenditures with which to develop and maintain safeguards at home and abroad, I hope that the Appropriations Committee will give such a request for additional funds for that purpose sympathetic attention.

If such a request for additional funds is made either on the basis of that report or upon the recommendation of the Atomic Energy Commission, could the Senator give the Senate some assurance that it would receive prompt and sympathetic attention from the Committee on Appropriations?

Mr. STENNIS. Well, the Senator has certainly raised a point in which we have an interest. We will urge action in these fields. The Joint Committee on Atomic Energy would be interested, I am sure. But within those fields I can certainly assure the Senator. I shall write a letter to that effect to cover this proposition, as I understand it.

Mr. STEVENSON. I thank the Senator. I was not suggesting any initiative at this point. I was suggesting that if the AEC should seek additional funds to develop or maintain adequate safeguards, or if the President in his report—if that provision is retained in the Export Administration Act—finds that our domestic and international safeguards are inadequate, that in response the Committee on Appropriations would act ex-

peditiously in connection with a supplemental appropriation.

Mr. STENNIS. Well, we know the Senator's concern. Of course, these special programs have to be authorized before they get to the Committee on Appropriations. This is a matter also for the Joint Committee on Atomic Energy. That is about as far as I can go.

Mr. STEVENSON. I thank the Senator.

Mr. GRIFFIN. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that further reading of the amendment may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

Section 502 is amended by adding at the end thereof the following new sentence:

"No part of any appropriation under Title II shall be available to pay for contract services of non-Government personnel under any contract or arrangement after June 30, 1974 if the Comptroller General of the United States determines that military or civilian personnel of the Department of the Army have been separated to meet personnel quotas imposed by the Office of Management and Budget and if the Comptroller General determines that the cost to the taxpayers for performance of such services by such non-Government personnel would equal or exceed the cost that would have been incurred if such services had been performed by the separated military or civilian personnel."

Mr. GRIFFIN. Mr. President, this amendment is offered to make clear that appropriated funds available to the Corps of Engineers under title II, should not be used to contract for nongovernmental employees to replace military and civilian employees of the Department of the Army merely to meet arbitrary personnel quotas set by the Office of Management and Budget, particularly if the Comptroller General of the United States finds that such a procedure would cost the taxpayers more money.

Mr. STENNIS. Mr. President, this is a language only amendment. The Senator has discussed it with me. We have been through this problem. I think the Senator makes a point and I am glad to accept the amendment. The Senator from Oregon has not returned to the Chamber. He understands the situation that way, too. We are glad to accept the amendment.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. STENNIS. I yield back my time.

Mr. GRIFFIN. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was agreed to.

Mr. HELMS. Mr. President, I ask unanimous consent that Tom Cantrell be allowed the privilege of the floor.

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

IDAHO PROJECTS

Mr. CHURCH. Mr. President, I want to commend and thank the distinguished chairman of the Senate Appropriations Committee (Mr. MCCLELLAN) and the distinguished chairman of the Subcommittee on Public Works for Water and Power Development and the AEC (Mr. STENNIS) for the appropriations the committee has recommended to the Senate regarding needed funds for public works projects.

I am particularly pleased to note that the committee has seen fit to recommend an appropriation of $100,000 for predevelopment planning on the new Salmon Falls Division reclamation project near Twin Falls, Idaho. Congress authorized the Salmon Falls project, under my sponsorship, in 1972. The administration, however, has repeatedly refused to request funds to begin the work on this project. The Salmon Falls Division of the Upper Snake River reclamation project would provide reliable supplemental irrigation water supplies for lands first irrigated in 1910.

The distinguished chairman's committee has also approved a $2 million increase which I recommended for construction work on the Bureau of Reclamation's Teton Dam in eastern Idaho. This additional funding will enable the Bureau to meet its original schedule of power generation from the dam by June of 1976.

I would also like to commend the committee for two other actions: its decision to recommend an appropriation of $500,000 to reimburse Boundary County for replacement of a bridge which will be inundated by the new Libby Dam in Montana and to begin the process of reimbursing landowners in the same county for increased pumping costs they must bear as a result of the operation of Libby Dam; and the granting of my request for an increase to $910,000—from the $570,000 sought by the administration—for the Corps of Engineers investigation of the Columbia River and its tributaries. This added amount will enable the Corps to begin an investigation of plans to help the city of Boise assure a minimum flow of water in the Boise River as part of its new sewage treatment system.

THE DELAWARE RIVER BASIN COMMISSION AND THE SUSQUEHANNA RIVER BASIN COMMISSION

Mr. HUGH SCOTT. Mr. President, I am delighted that the Committee on Appropriations, in a report submitted by Senator STENNIS, has recommended continued funding for two important public works projects, the Delaware River Basin Commission and the Susquehanna River Basin Commission.

These commissions were created by a compact between the Commonwealth of Pennsylvania and adjacent States, and the Federal Government. Continued funding will enable joint State participation in the development of water and related resources in the areas.

I am very pleased to endorse the recommendation of the committee for the perpetuation of these important projects, which in the past have greatly benefited the citizens of Pennsylvania and adjacent States with their research efforts.

Mr. STENNIS. Mr. President, I know of no further amendments to the bill. The Senator from Florida has a motion to recommit but I believe a third reading is in order.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 15155) was read the third time.

Mr. CHILES. Mr. President, I send to the desk a motion.

The PRESIDING OFFICER. The motion will be stated.

The assistant legislative clerk read as follows:

The Senator from Florida (Mr. CHILES) on behalf of himself and Senators DOMENICI, HUDDLESTON, NUNN, BARTLETT, HOLLINGS, PROXMIRE, DOLE, HELMS, BUCKLEY, and HANSEN moves that the Senate recommit H.R. 15155 to the Appropriations Committee and instruct that the committee reexamine the various items and readjust them so as to cut the total amount by 5 percent.

Mr. CHILES. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

Mr. CHILES. Mr. President, will the distinguished majority leader yield for an inquiry?

Mr. MANSFIELD. I yield.

Mr. CHILES. Mr. President, prior to the time the Senator was considering changing the time for cloture, a unanimous consent agreement was entered that we would change the time so that debate would start at 5 minutes after 2, and try to continue on this bill and take up at such time motions or amendments that had not been completed after the vote on cloture.

I suggest that we need about 30 minutes on each side. At least, the proponents of the motion would like about 30 minutes. We would be willing to enter an agreement based on 30 minutes so the vote could take place shortly after the cloture vote.

Mr. STENNIS. Mr. President, a point of order. Do we not already have an agreement?

The PRESIDING OFFICER. 20 minutes equally divided.

Mr. STENNIS. I would agree to some additional time. Let us make it 30 minutes.

Mr. MANSFIELD. 30 minutes equally divided.

Mr. CHILES. That is fine.

Mr. MANSFIELD. To start with.

Mr. CHILES. We could start now and finish after cloture.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order previously agreed to be changed so that

there may be 30 minutes equally divided between the manager of the bill and the sponsor of the amendment.

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

Mr. CHILES. Mr. President, we find ourselves facing in this country today an economy where for two consecutive quarters we have not had an increase in the gross national product. That is the sign and the signal that we are entering into a recession.

We find that inflation has continued to plague us and continued to increase at every hand. When I go home, everyone wants to know why we do not do something about inflation. I think many people would like to ask why do we not pass a law that stops the inflation.

Certainly, that is naive. There is no way we can pass a law that will stop inflation. But there is something that we can do. That is to control Government spending. We do know that that has been one of the major—if not the major—causes of inflation. No matter what economist one wants to listen to now—and we have many of them around here talking—they all have their solution of where they would cut, but they all agree that we must cut Government spending. On two occasions we have passed in the Senate a spending ceiling of $295 billion. As we come out with our appropriation bills, we continue to come out with bills that are going to put us over that $295 billion, by about $10 billion or $11 billion, at the present rate we are going.

So, on the one hand, we say we are for $295 billion; on the other hand, we are continuing to vote for appropriations that are going to put us some $11 billion over that ceiling.

I think there is a growing concern in the Senate. I know for a long time that concern has been in the country—that we better do something about our spending. How do you go about doing that? You are in midstream. You have already started the appropriation process.

Then there is the able leadership of our chairman, Mr. McClellan. He asked each subcommittee chairman if they would come up with a target which they would try to stay within, so that we could hold our bill within the President's budget.

They worked hard to do that. They came up with those target figures. I think that at the present rate at which we are going we will come out with total appropriations from the Senate which will be under the President's budget. That is laudatory. I think that is because of a lot of good, hard work that has gone into this by each subcommittee chairman, by the chairman of the Appropriations Committee, the members of the committee, and the staff.

But even when you come up with those figures, even when you come up under the President's budget, we are still going to be $8 or $9 billion over our ceiling of $295 billion. That is not a magic number. That happens to be what the anticipated revenue is for this year.

If we are going to live for 1 year within our resources without having another deficit, which would be 8 straight years of a budget deficit, we have to come within that ceiling.

Because of that, I think you are seeing motions: a motion to recommit on the Treasury bill yesterday; cuts on the agricultural appropriations; some 26 Members voting against the conference report on agriculture.

This is a cumbersome process. Certainly, it is started in midstream, but if we are going to do anything we better start it. Today is too late, so we cannot wait any longer.

So I say to the distinguished chairman of the Subcommittee on Appropriations (Mr. STENNIS) I think he has done an outstanding job. I listened to his report to the full Committee on Appropriations, and listened how they had gaged each one of the projects that came up; how projects which did not meet the criteria were held back. I know that many Members, including the junior Senator from Florida, would like to have some of the projects today in public works, and would like to have an increase. So there is a continual pressure. But just as that is true in almost any budget, what we are talking about with this motion, is the start of the process that should be carried out on every single appropriations measure; that this year we are going to tighten up the bill; we are going to try to do something about our economy; we are going to show the people of the United States that this is not a ship without any kind of rudder, without anyone at the helm; that we are going to try to show that there is someone trying to mind the store, and that we are going to get hold of this economy.

It is, for that purpose, that I offer this motion.

Mr. HATFIELD. Will the Senator yield?

Mr. CHILES. I yield.

Mr. HATFIELD. As a matter of record, did the Senator request the Public Works Subcommittee on Appropriations to add $175,000 for planning over the House amount for the Saint Lucie Inlet in the State of Florida?

Mr. CHILES. Absolutely, I did.

Mr. HATFIELD. Would the Senator indicate whether he would like to have 5 percent cut from the Florida portion of $20,855,000 for construction by the corps or $505,000 of planning money under the corps budget for the State of Florida?

Mr. CHILES. Because of the magnitude of the problem, and what I hear from my people in Florida, I am willing to cut all of these projects in Florida 5 percent, every one of them. I am willing to cut, as I was willing to cut on many other bills. Each one of us have projects in this bill. That is the nature of how the bill is made up. I do not want to cut all of my projects out, no, sir, but I am willing to say that we have to cut back 5 percent to try to get a hold of this economy. So I am willing to take a cut.

I only have a limited amount of time, and I will not yield further. I reserve the remainder of my time.

Mr. STENNIS. Mr. President, I yield myself 3 minutes.

Mr. President, I know it is very easy to vote for a motion like this in a relatively large bill. I explained the bigness of these figures in the beginning. There are funds for the Atomic Energy Commission, which includes a great sum of money for atomic weapons, and all kinds of matters about developing energy, although part of the energy R. & D. has been taken out and put into another bill. The Bureau of Reclamation money is in here; the Appalachia money is in here; the TVA money is in here, in addition to the civil functions of the U.S. Army Engineers—flood control, navigation, rivers and harbors, and related matters. I explained why these costs run up on the individual items.

Mr. President, may we have order in the Chamber? I can hardly hear myself speak.

The PRESIDING OFFICER. The Senate will be in order.

Mr. STENNIS. Those matters have all been gone over. The big thing is, without any flowers for this subcommittee, we spent almost all of the 7 months, with excellent staff work, going over every single item in this vast bill. We had testimony from over 1,000 witnesses. Testimony from all of these departments was cross-examined and reexamined. Then we wound up just a little over the estimate for 1975, less than 1 percent.

We had definite guidelines that we followed. We turned down colleagues in the subcommittee, the committee, and here on the floor today. We had one project where seven Senators wanted a substantial alteration. We turned that down and removed all the money out for that project. We were not trying to kill it, but trying to make it move in a reasonable fashion.

My point is that this bill has been gone over fully. There are mighty few here who would vote for the proposal who would stand up and publicly advocate taking out anything substantial in their State. We have done the best we could. It is now in the hands of the Senate.

There is nothing personal about it, but I do not know how one would go about applying a 5 percent reduction across the board.

I am very much pleased that we are going to have a Budget Committee of our own. I will always regret that I missed last year when I might have been able to make a little contribution, because I was on that special committee.

As the Senators know, next year we are going to let these committees act, and then our super committee will look at all of them together and make a ruling.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STENNIS. I yield 5 minutes, or such time as he may care to use, to the unusually qualified man in this field, the Senator from Nevada.

Mr. BIBLE. I thank the distinguished Senator from Mississippi.

The comment I wish to make has been partly touched upon by the Senator from Oregon. I hope that if the distinguished Senator from Florida is going to continue to make these reduction amendments, he will also give us a bill of particulars as to where he wants the cuts to go. I think that is extremely impor-

tant. We have had weeks and months of actually hearing hundreds of witnesses. All of them had appealing projects.

Mr. President, I should like to point out another phase—an important phase—of this bill. I do not have the exact figures before me at this time, but I know that they have been developed and have been inserted in the RECORD.

These flood control projects, which are sometimes referred to as "pork barrel," in effect save millions and millions of dollars in property and also many lives.

In the projects that have been completed to date, the water supply benefits are approximately 10,668,000,000 gallons of water furnished; the power benefits are something like $43.6 million, producing a gross revenue of $1.1 billion.

I have considerable familiarity with the reclamation area, because I am in a reclamation State, and a former Senator from my State was the author of the original reclamation act. These are cash register items; they pay their way, with interest.

In addition, the hydroelectric projects supply the energy which is in short supply at this time. They build economies which produce tax revenues.

Far from being a "pork barrel," this is a strengthening of America in practically every facet this bill covers.

One could go on and develop this matter further, but I know that the Senator is under a time limit.

I hope the motion to recommit is defeated.

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

Mr. STENNIS, I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the consent agreement previously agreed to be extended to include an additional 15 minutes for the Senator from Florida and an additional 10 minutes for the manager of the bill.

Mr. STENNIS. Mr. President, reserving the right to object—and I shall not object—I do not want to be chintzy about it, but I thought we had already agreed that we would get through with this debate before the other vote. I told that to some Senators. But I am not going to object. The Senator from Montana has a problem.

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

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

Mr. STENNIS. I am glad to yield to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I should like to reiterate the fact that this subcommittee had the tremendous task of going over, project by project, not only those that were in the budget but also those which were requested by colleagues to be added to the budget.

I wish to reemphasize that the number of projects requested by our Senate colleagues and their constituents totaled between $400 million and $500 million.

The No. 1 point that I think should be considered is that this committee has carefully reviewed each request, and that each decision was based upon cost-benefit ratios and other criteria, so that it was a matter of merit on which we based our decision as to each request.

A very simplistic effort has always been made to cut budgets back by across-the-board percentage reductions. In 8 years as Governor of my State, I heard this many times from both the public and the legislature. But I think that one of the most irresponsible acts that can be committed by any legislative body is to be totally insensitive to individual cases and agencies and projects within each budget, instead of looking at each one on its merit, to take an arbitrary 5 percent, 3 percent, or 10 percent cut.

Mr. President, this is not fiscal responsibility. If we want to make cuts, I am willing to do so, review but on a selective cut basis. I think it ought to be amply clear that, as the ranking minority member of this committee, I shall insist, with all the power I can exert, that any kind of cut be made on a selective basis. All I am saying is that we are going to take each case, each project, on its merit, and make such cuts, rather than across the board, if I have any voice in that decision.

With respect to any referral back to committee, it should be understood that we have the responsibility to maintain the fiscally responsible character of that committee, to consider each case on its merits in making selective cuts totaling 5 percent, rather than across the board.

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## CONSUMER PROTECTION—AGENCY FOR CONSUMER ADVOCACY

The PRESIDING OFFICER. Under the previous order, the hour of 2:05 p.m. having arrived, the Senate will now resume the consideration of the unfinished business, S. 707, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 707) to establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and to authorize a program of grants, in order to protect and serve the interests of consumers, and for other purposes.

The Senate resumed the consideration of the bill.

The PRESIDING OFFICER. Under the previous order, the time for debate on the cloture motion will be equally divided.

Mr. STENNIS. Mr. President, it is my understanding that when this vote is disposed of, we will resume debate immediately on the appropriations measure.

The PRESIDING OFFICER. The Senator is correct.

Mr. RIBICOFF. Mr. President, this is the second time this year that the Senate has been asked to limit debate on S. 707. It is the fifth time in the last 2 years on a bill creating a consumer protection agency. It ought to be the last.

The vote on the cloture motion on July 30 made it clear that well over a majority of the Senate wants to see the Senate vote on the merits of this bill.

A minority claims that it is still too soon to set a definite limit on debate. But let us look at the record:

Nineteen hearing days have been devoted to this legislation over the last 4 years. A hearing record of thousands of pages has been prepared. The bill's provisions have been shaped and perfected not only by Congress and the executive branch, but also by outside experts on administrative law.

Today makes the 20th day in the last 4 years that the bill has been debated on the floor of the Senate.

In this Congress, the bill has already been on the floor on 7 different days. Over 85 percent of the words spoken by Senators during that time have been delivered by the minority that opposes this bill.

There is no reason not to now set a definite limit to the debate. Debate without end wastes the time of the Senate.

Supporters of the bill would welcome a debate of any reasonable length. Supporters of the bill would be happy to answer any question any Senator has about the bill. They would be happy to debate and vote on any reasonable number of amendments.

But this is not the real issue. The 100 hours available to all Senators after cloture will assure adequate time to conclude the 4-year debate on this bill. The real issue is whether the Senate will ever be permitted to vote to create an independent consumer protection agency.

S. 707 is landmark legislation. It should help increase the understanding in Washington of the actual needs and interests of people throughout the country. It should help make Federal agency decisions more informed.

If, however, it is the view of Congress after three years that the Agency is not effective, the Agency will be abolished. The bill specifically provides for an initial authorization of only 3 years. At the end of that time Congress will have ample opportunity to study the Agency's record. If the ACA continues in existence after that time, it will only be because Congress affirmatively votes to keep the Agency alive.

A minority of the Senate, however, should not be able to kill the agency before it has had a chance to live.

I hope that cloture succeeds on the vote within 15 minutes.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. I yield myself 3 minutes.

Mr. President, the distinguished Senator from Connecticut mentioned that this is the fifth time that this bill has been before the Senate. Actually, it is not the same bill at all. The 1970 bill has been denounced by some of the very supporters of the proposed legislation. The 1971 bill was denounced by Mr. Ralph Nader as a fraud on consumers. So this is not the same bill at all.

The motion is to cut off debate. What debate? We have had 10 minutes of debate today. The leadership brings up any matter it wishes. There is no logjam of legislation. We have Fridays off in the Senate. Not one bit of legislation is being impeded by the pendency of this bill.

Mr. President, the debate should not be called to a halt. It should be allowed to continue. If the debate is not ended today and we have another cloture vote, it has been the custom in the Senate, on

most occasions, that after three cloture votes, if debate is not cut off, the bill will be brought down.

So if the 42 Senators who voted last time against cloture will hold fast for two more cloture votes, we can defeat this measure, which is not needed, which is based on the false premise that all consumers think alike, when they do not.

As Prof. John F. Banzat, professor of law at George Washington University and professor of legal activism, I believe has stated, if you set up one Government agency to police the work or oversee the work of one agency or force one agency's views on another agency, then after you set that up, it will not be long before you have to set up another agency to police the work of the watchdog.

Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mr. Smith Hempstone and an editorial published in the Birmingham News in opposition to this bill.

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

WATCHING WATCHDOGS

(By Smith Hempstone)

The White House can hardly make a move these days without getting "impeachment politics" thrown at it. So it is not unusual that some backers of legislation to create a consumer protection agency would be running around town claiming that President Nixon's threat to veto this new superagency is impeachment politics—that he is bowing to conservatives who oppose the bill in order to win their support in his fight against impeachment.

But that is just a smokescreen to hide the real arguments against what could turn into a giant boondoggle in the name of consumerism.

Opponents of the bill are hard at work in the Senate trying to head off creation of CPA. They contend, and with considerable justification, that it would be just another expensive government agency, staffed by dozens or perhaps hundreds of high-paid lawyers and countless other researchers, typists and paper-shufflers, whose principal function would be to harass other government agencies and private businesses—all with dubious benefit to consumers.

It is a strange concept that holds that government agencies created to look after the public interest must in turn be watched over by still more government agencies. But that's the way it is in Washington: Bureaucracy feeds on bureaucracy; that's how the town got so full of overlapping operations. What the Congress ought to be doing is eliminating a few agencies instead of creating more.

CPA would be able to stick its finger into just about every other governmental operation around—any that "may substantially affect the interest of consumers." Since almost everything is related in some way to consumers, that is a pretty broad mandate.

There are a couple of interesting exceptions, however. One would prohibit CPA from horning in on most labor negotiations; the other would prohibit it from interfering in broadcasting license applications before the Federal Communications Commission. A suspicious person might easily get the idea that backers of the legislation might have been playing a little politics of their own by writing in those exemptions—like cozying up to big labor and the media to get support for the bill.

The legislative director of the AFL-CIO, Andrew Biemiller, made it plain that his organization, which favors creation of the agency, would oppose it without exemptions for labor. "We don't regard labor relations as having a consumer interest. We don't want another government agency intervening in labor-management relations, sticking their nose in our affairs," he said. He's got to be joking. Since when have consumer interests been unaffected by wage negotiations?

With few exceptions, CPA would be able to swing high, wide and handsome. It would have the right to sit in on decision-making and then appeal agency decisions it didn't like to the courts. It would have authority to investigate consumer fraud and other conduct it felt detrimental to consumers. It could require private businesses to furnish information about their operations.

The way one supporter described its relationship with other agencies: "With an independent CPA looking over his shoulder, the product-safety agency won't be so quick to tell a manufacturer his lead-based Christmas tinsel won't be banned until after he has unloaded this year's supply on the market. The transportation-safety people will think twice before taking an auto maker's word that a defect in his vehicles isn't anything to be concerned with."

That sounds like putting the watchdog out to guard the watchdog. The product-safety agencies presumably were established to look after consumer interests. Before long, no doubt, there would have to be a third watchdog that is guarding the first watchdog.

The President is threatening to veto the legislation unless some changes are made to tie a few strings on the proposed agency. Rather than tinkering with it, Congress probably would be better off just to forget about it entirely.

What the consumers need more than anything are congressmen and administration officials who will do the job they're supposed to do, which is to watch after the public's (the consumers') interests. If congressmen aren't up to the job, maybe what the consumers ought to do is vote in some new watchdogs.

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[From the Birmingham News]

SUPPORT FOR ALLEN

Alabama's junior senator, Democrat Jim Allen, has established himself as an astute parliamentary tactician and a formidable foe on the floor of the U.S. Senate of legislation he opposes. Allen's knowledge of the Senate rule book already has paid off in some important victories.

But Allen is up to his eyebrows in a fight over the proposed Consumer Protection Act which may, before it is through, test his mettle as never before.

This is one fight in which Allen deserves support from the home folks. The intent of the legislation which Allen opposes is to establish an agency with broad lobbying powers which could intervene in any activities by federal agencies or the courts on behalf of what he considers to be the interests of the consumer.

The proposed agency is generally referred to as the Consumer Protection Agency. But Allen recently offered an amendment, which was passed, changing the name to The Agency for Consumer Advocacy. The change in name may take some getting used to, since the proposed agency has been called by its former name for some time.

The new name is, however, more appropriate. The agency would be an advocate. It would have powers to challenge any action taken by a government agency and could be a party to any adjudication by quasi-judicial agencies such as the Federal Trade Commission.

Let's say that a case is before the FTC. There are now two parties: The company or businessman charged with a violation and the FTC prosecutor, who acts as an advocate before the FTC administrative judge.

Under the proposed legislation, the Agency for Consumer Advocacy would be allowed to intervene as a third party. Since the chances are more than remote that the ACA would side with the businessman, the result in every case would be dual prosecution. The alleged offender would be beset by prosecutors from both the FTC and the ACA.

To opponents of the proposed legislation, such dual prosecution would be a pointless and wasteful duplication.

Proponents of the legislation argue that existing agencies have become "captive" of the interests they regulate. If that charge can be proved, the thing to do is to fire the bureaucrats who have become soft on the job and hire some more. Creating a new layer of bureaucracy is not the answer.

From almost every aspect the proposed legislation is bad. The definition of "consumer" in the legislation is so broad as to include every living man, woman and child in the country. As Sen. Robert Taft Jr., R-Ohio, said in opposition to the bill, "Who can speak for every man?"

The powers of the proposed agency would be so broad that it could intervene at any stage in negotiations between this nation and nations abroad.

In the minority views of the Senate Committee on Government Operations, opposing senators raised these points regarding negotiations with foreign countries: "Has anyone seriously considered the implications of these powers? In our example, Secretary (Henry) Kissinger must keep the (ACA) continually informed of all expected and actual activity at each stage of negotiations, must listen to the (ACA) before making a decision at each stage, and must give the (ACA) an opportunity equal to any other party—equal opportunity to the person negotiating for a foreign nation, be he king or minister.

"Can anyone imagine the secretary of state telling some sheik, 'Excuse me, before I decide on your new proposition, I must contact the administrator of the (Agency for Consumer Advocacy) or one of his agents'."

Whatever good intentions may have motivated the advocates of this legislation have become far offset by the excesses the bill contains. The bill should be killed, and it is to be hoped that Sen. Allen and his colleagues can engineer it.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. ALLEN. Mr. President, I reserve the remainder of my time.

Mr. RIBICOFF. Mr. President, I yield 3 minutes to my distinguished colleague from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. President, the whole problem with this bill is that even if it shall be a matter to kill it, notwithstanding the fact the majority wants it, that if it succeeded before, and it is anticipated it will succeed again, it makes me wonder whether Senator ALLEN will call it off and go ahead with the merits of the bill if less than 42 Senators vote for that position. I doubt it.

Mr. President, the simple fact is that an effort has been made by the opponents of the bill to make U.S. business afraid of this bill.

There is absolutely no ground for that fear, it is highly invidious to U.S. business to take a position so opposed to the interest of consumers in this country.

This is a consumers' economy in America. What we are doing is consolidating in one agency of Government the consumers' advocacy function which, in principle, exists in every Federal Government department and agency but, in

fact, does not operate that way. That is what it is all about.

Mr. President, we have locked in, between Senator RIBICOFF and myself, two very experienced business lawyers long before we became legislators, and Senator PERCY, a business executive himself, so many protections—we have almost exceeded what we ought to do in terms of protection—that business shall not be harassed or abused or made difficult.

On the contrary, to have a functional agency which will be able to give business a clean bill of health in respect to consumer relations will be of enormous benefit to business.

Mr. President, this agency which we would create has no policing power, it cannot get secrets other agencies have, even if those secrets were given to another agency by agreement with an individual or a firm.

In short, all of the fears, the fear tactics which have been used here about use of this agency to harass American business, are completely groundless, as an inspection of the details show, and there is no big bureaucracy involved. Our best estimates are that the organization will not exceed 250 to 300 employees.

The consumers' movement is a tremendous movement in this country, Mr. President, and I believe that our constituents, every one of us, want this kind of legislation for their protection. I do not believe they want us to be scared off by unfounded fears of American business inculcated in the business community simply because there are various people, and I do not challenge their motives or sincerity, who are against this bill.

Mr. ALLEN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. There are 2 minutes remaining.

Mr. FANNIN. Mr. President, I rise in opposition to S. 707, the bill creating the Agency for Consumer Advocacy.

On April 3, 1974, the House of Representatives passed H.R. 13161 by a vote of 293 to 94. We are now debating an almost identical bill.

What is it?

Both the House and Senate bills establish an Agency for Consumer Advocacy as an independent, nonregulatory agency. The Agency is to be headed by an Administrator appointed for a term of 4 years by the President with the advice and consent of the Senate. All functions and powers of the Agency are vested in the Administrator. The Administrator appoints a General Counsel and may appoint five Assistant Administrators.

The principal function of the Administrator is to represent the interests of consumers before Federal agencies and Federal courts. "Interest of consumers" is defined to include any health, safety, or economic matter which might be important to individuals in their role of consumer.

Section 6(2) of the bill states:

> The functions of the Administrator shall be to (1) represent the interests of consumers before federal agencies and federal courts, in accordance with this Act;

What Federal agencies? Neither the bill nor the report lists the agencies whose functions and responsibilities are to be subject to ACA interference. One has to look to the entire bill, to discover what agencies are excepted in whole or in part.

The first exception is found in section 6(a)(11). If I understand this provision, it would exempt the National Labor Relations Board and the Mediation Service.

The next exception appears on page 85 of the bill. Section 17(d) excepts the CIA, FBI, and national security and intelligence functions of the Department of Defense. Subsection (e) on the same page gives a partial exemption to FCC with respect to renewal of radio and television broadcasting license. I call this "partial" because presumably ACA could intervene in original granting of licensing or in other FCC actions such as the present dispute between CATV and commercial stations. Thus ACA can be expected to intervene in the actions of the hundreds of Federal agencies with the exception of labor, national security, and radio-TV renewals.

Why call ACA an agency? Section 5(b)(1) states:

> The Agency shall be directed and administered by an Administrator.

Section 5(c)(1) states:

> The functions and powers of the Agency shall be vested in the Administrator.

Section 5(c)(3) states:

> The Administrator shall exercise all executive and administrative functions of the Agency.

Section 5(e) states:

> There shall be in the Agency a General Counsel who shall be appointed by the Administrator.

Section 5(f) states:

> The Administrator is authorized to appoint within the Agency not to exceed five Assistant Administrators.

This is not an agency. This is a one-man dictatorship. Senator ERVIN and three other Senators in their minority report refer to the Administrator as follows:

> S. 707 would coronate a Caesar within the Federal Bureaucracy. With deference to Shakespeare, we say to other supporters of consumer rights that our support is no less than theirs; that we rise against this Caesar, not because we desire consumer protection less, but because we desire good government more.

Mr. President, I am in entire agreement with this statement.

The original name of the proposed agency is a cruel hoax upon the American people. Every American is a consumer, and every American wants protection for the consumer. The bill with its apple pie and motherhood name will do nothing to solve the day-to-day problems of the consumer. We will complain about overcharges for unneeded automotive repairs; the prepaid merchandise that never arrives; the dishonest used car salesman; and the unhonored guarantee. But this bill will have no impact whatsoever on these problems. The customer could write to the proposed agency, which has information gathering powers, but his letter would only go into the files. It would be much more effective if he directed his letter to the Better Business Bureau that exists in almost every city.

Instead, the Agency for Consumer Advocacy is given the authority to intervene in cases now handled by some 50 administrative agencies. It not only becomes a party in these cases but its lawyers can carry the cases all the way to the Supreme Court. It will be involved in very complex and lengthy Federal administrative proceedings and court appeals involving such things as antitrust cases, rate settings, drug approvals and a plethora of other complicated matters and its effect will be to further delay the months or years that they now sometimes take. Thus, the consumer is hurt rather than helped by the proposed new agency.

Mr. President, I have read the majority report on this bill. I was especially interested in the 1½ pages following the subtitle, "The Need for the Legislation." Not one single example is cited. The sponsors of this bill merely tell us that congressional committees, the GAO, other Federal agencies, special commissions, consumer organizations, responsible business organizations and newspapers "are continually documenting the failure of Federal programs to adequately consider the interests of consumers."

This statement immediately raised in my mind the questions, What one? What congressional committee? What Federal agency? What special commission? What responsible business organization? Newspapers? I could probably name a couple of them. Consumer organizations? Ralph Nader comes to mind. Then I am lost. I am unable to imagine any responsible business organization desiring this bill to become law. The idea of any Federal agency requesting supervision by another Federal agency—to use an expression of a younger generation than mine—"blows my mind."

Mr President, we do not need this law.

During this decade, Congress has reacted to consumer protection demands by enacting many new laws creating new Federal agencies. To mention a few of the better known agencies over which the new agency would become a super agency, I mention:

National Commission for Product Safety;

Fair Packaging and Labeling Act;

Product Safety Administration;

Occupational Safety and Health Administration;

Interstate Land Sales Act;

Truth in Lending Act;

The Ban and Warning on Cigarette Advertising;

The Environmental Protection Agency;

The Radiation Control Act;

The Clean Air Bill;

Interstate Protection System for Wholesome meat; and

The Federal Energy Office.

Earlier created, but now more active and effective we have:

The Food and Drug Administration;

The Federal Trade Commission;

The Federal Communications Commission;

The Securities and Exchange Commission;

Various branches in the Department of Agriculture; and

Legal Services Act.

Mr. President, speaking as a consumer, I sometimes feel already overprotected.

If any of these Federal agencies which I have named are not doing the job they were created to do, they should be abolished rather than hampered by this one unknown individual who will be the sole administrator of the proposed super agency and will be answerable to no one as to his activities. Further, we have oversight congressional committees with full power to call these agencies to task if they are not doing their job.

Mr. President, this bill fails to do what most needs to be done. Conspicuously absent from the list of agencies over which the ACA will have overriding jurisdiction is the National Labor Relations Board and other agencies dealing with labor and unions. Yet, I can think of nothing which hurts the consumer more than the increased costs, if not unavailability of products, than a secondary boycott, a jurisdictional strike, or a recognition strike. Arizona growers of lettuce and grapes, for example, have had recurring national boycotts of retail stores selling such products not produced by Chavez' union. In Texas, we have witnessed a year-long boycott of Farah trousers. How much has the consumer's wallet been hurt by the fact that the company finally gave in?

Mr. President, ACA would have jurisdiction over many of the divisions and offices of the Department of Agriculture. I am curious as to whether it could intervene in cases and activities of the Department of Labor. For example, I believe the Department of Labor's Employment Standards Administration determines the minimum wage to be paid for construction as required by the Davis-Bacon Act.

For years, I have attempted to get something done about the David-Bacon and Walsh-Healy Acts. Excessive wage rates in the construction industry are largely the result of the Department of Labor using the union scale in fixing the rate for construction of federally financed projects. Walsh-Healy rates for Federal purchases are again set by the union scale and contribute highly to inflation.

This is a highly legitimate consumer interest, but does any Senator really believe the ACA would be interested in intervening in these matters?

Senator HANSEN has recently uncovered a practice which must have alarmed many in this Chamber. The Farmer's Loan Administration refers all loan requests to the Department of Labor. The Department of Labor, in turn, sends such loan applications to the AFL-CIO for clearance. I am confident that my good friend, Senator HANSEN, does not expect that the ACA, if it presently existed, would intervene in this reprehensible practice.

Mr. President, the labor exception or prohibition reads:

> The Administrator shall not intervene or participate in any agency or judicial proceeding or activity directly concerning a labor dispute involving wages or working conditions affecting health and safety.

Thus, the bill would also exempt OSHA as well as NLRB. Proceedings of these two agencies have been under congressional attack from the day of their enactment. No one can deny that their activities result in a substantial impact upon consumer prices.

Mr. President, section 6(a)(11) exempting labor matters from ACA intervention is so written that one cannot determine what activities the ACA might have a right of intervention.

The NLRB under section 8(b)(6) is given the task of preventing featherbedding. It has been a most ineffective provision, yet consumers have a high degree of interest in seeing it enforced. As I understand the bill, ACA could not intervene.

This Congress passed many amendments to the Fair Labor Standards Act in addition to raising minimums. Additional coverage of domestics, State, county and municipal employees, changes and elimination of many exemptions of overtime provisions previously enjoyed by many industries all call for extensive study and preparation of directives. Surely the consumer has a great interest in what the Wage and Hour Administrator does, but does ACA have any power here?

The Senate passed a comprehensive private pension bill. The cost of increased pension benefits, early retirement, et cetera, have an impact on consumer interests. May ACA intervene?

Pending bills federalizing State workmen's compensation laws and unemployment compensation have a large impact on the consumer. Can we expect the ACA Administrator to appear before congressional committees and state his position?

Mr. President, as I understand section 6(a)(11), the ACA Administrator has the right of advocacy and court appeal for such actions as reduction in federally regulated utility rates even though such might later result in a wage dispute. The same would be true of reduction in postal rates, and prevention of construction which may have an adverse impact upon the environment, or traffic or resale value of homes.

Mr. President, these are just a few of the vital issues which require answers from the proponents of this bill.

Mr. President, this bill would polarize American citizens. Proponents of ACA tend to speak of "consumers" as if they were invented in the late 1960s. They see them as a group whose interests have been slighted and whose concerns have been ignored. But who are American consumers if they are not the same American public that government has been serving for nearly 200 years?

I am a consumer and I do not intend to vote against myself, but I do intend to vote against this bill. I do so because I believe that the substance of this legislation will not ultimately protect consumers—it will injure them.

Proponents of ACA allege that such an independent entity is essential to monitor all other Federal agencies. This situation is alleged to exist because all our regulatory agencies have been "captured" by the very interest they are supposed to regulate. I am bewildered by the suggestion that all our existing Federal agencies are in some way corrupt and the best way to resolve this is through the creation of a now uncorruptable agency. I again say that if any agency has been captured by interests it is supposed to regulate, it is the NLRB, but that has been exempted.

The interest of consumers is identical to the public interest, for the general public and the consumers are all one and the same. The regulatory agencies we have set up over the past 70 years were designed to protect the public interest.

Mr. President, this bill would unnecessarily hurt business and ultimately the consumer.

The ACA bill, if made law, would have the following effects upon business and ultimately the consumer. It would exacerbate feelings of mistrust and disharmony between the business community and the consumer interests. It would foster a "them-against-us" mentality in which cooperative problem-solving of consumer complaints would have no place. It would increase the costs of doing business in terms of time, effort, and money to meet filing and reporting requirements. Such costs would be reflected in higher prices paid by consumers. No existing Federal agency could any longer guarantee the confidentiality of business records, documents, and other information submitted voluntarily to the agency. Resort will necessarily be taken to the subpena power with litigation instituted by business to defend the confidentiality of trade secrets.

It would create uncertainties among members of the business community concerning the finality of all existing rules and regulations of Federal agencies. Since ACA could challenge any rule or regulation, even if the ACA did not participate in the administrative process, no rule would be final until ACA decided it was in the consumer's interest.

Mr. President, I was especially interested in that section of the minority report which concludes that ACA could meddle in foreign affairs. The minority state:

> The State Department being a target agency for the ACA under this bill, let us consider what the ACA could, as a matter of unchallengeable right, do in regard to Secretary of State Kissinger's negotiations which may relate to trade of fuel products in this country from the Middle East—Has any one seriously considered the implications of these powers? Secretary Kissinger must keep the ACA continually informed of all exported and actual activity at each stage of the negotiations, must listen to the ACA before making a decision at each stage, and give the ACA an opportunity equal to any other party—equal opportunity to the person negotiating for a foreign nation, be he King or Minister. Can anyone imagine the Secretary of State telling some Sheik, Excuse me, before I decide on your new proposition, I must contact the Administrator of the ACA?

I call upon the proponents of this bill to answer these allegations. If they are accurate, and I have no reason to ques-

tion them, I just cannot understand how any Senator can vote for this bill.

Mr. President, my disagreement with the principles of this bill is so complete that I sincerely believe the bill should be tabled and forgotten.

Mr. President, in conclusion, some may consider me old fashioned. But in this whole area of consumer protection, I believe we have already gone too far. I still believe that the consumer has the right to purchase a cheaper piece of merchandise, or one that will not last as long; that he has a right to make a mistake. I do not object to Federal requirements that he know the facts, but I still retain my belief that a competitive marketplace is the best enforcer of consumer protection.

Mr. President, I conclude with a few remarks in support of the Tower-Fannin amendment, 1567. On Wednesday of last week, the Senate debated at length upon the question of whether to accept the Commerce Committee language or the Government Operations Committee language with respect to the exemption of labor from coverage by ACA. The vote on this amendment accepted the Commerce Committee language as set forth in section 6(a)(11) of the bill.

In my view, there was little difference between the effect of the language between the two provisions. Under either, labor for the most part was exempt from coverage by ACA. Yet the speeches in most part were confined to the argument as to whether labor should or should not be exempt.

There can be no confusion with respect to the Tower-Fannin amendment. The amendment strikes out the proviso to section 6(2)(11) and labor would unquestionably be covered by the bill. Passage of this amendment would place labor agencies on the same basis as all other agencies.

At this time, I do not propose to go into the many reasons why labor agencies should not be exempted. Turn on your radio and listen to the news—read your newspaper. Strikes are sweeping the country. Government employees shut down Baltimore. Ohio cities were paralyzed. Hospitals were closed in California. Can anyone seriously argue that consumers are not affected by labor disputes? Can the U.S. Senate pass a consumer bill and leave completely out of it the interest which has the greatest effect upon the consumer?

If we are to have an Agency for Consumer Advocacy which is not a complete fraud upon the American people, we must include the labor agencies.

Mr. PERCY. Mr. President, the real question before us today is: How much longer must the Senate of the United States endure an obvious attempt to kill this important measure by talking it to death? If discussion of the bill is really desired, then let us vote cloture and proceed on to specific amendments dealing with specific problems that concern the members of this body.

What is being done, instead, is nothing less than a hoax on this Chamber, and on the American people. The intent is not to discuss the bill or its substance, but to talk around it. The intent is not to deal with it on its merits, but to prevent just such a discussion. The intent is not to improve the measure by amendment, but to talk it to death under the guise of "extended debate."

That strategy by opponents of the measure succeeded 2 years ago. It should not, and will not, be permitted to succeed again. We have had enough idle chatter about the bill. We have had enough of the scare language about what this bill might do. We have had enough of the "red herrings" that have been invented by industry lobbyists to scare off potential supporters.

It is now a time to address the bill and what it really would do—namely, to help protect the health and safety—the lives—of the citizens of this country. And, to help check instances of shoddy goods and services, unfair practices, misrepresentation, and fraud that are perpetrated too often on too many American consumers.

PROTECTING PEOPLE TO THE POOR HOUSE

Mr. FANNIN. Mr. President, the most serious problem facing the American people today is inflation. This is apparent from the mail that comes into my office, from the conversations that I have with constituents, and from the many stories carried in the media.

Recently the First National Bank of Arizona published some statistics which are very revealing in regard to the burden of inflation.

First National Bank and Arizona State University sponsored a study which showed comparative living costs for 1973 in Metropolitan Phoenix and 23 other large American cities. This study indicated that the cost of living for an average family of four in Phoenix was $12,151 in 1973—ranking the city as one of the most economical places to live in the United States. Living costs were higher in 19 of the cities studied.

The most interesting statistics, however, concern the increases in living costs between 1972 and 1973.

For the average family in Phoenix housing costs went up 4.6 percent, clothing and personal care costs rose 9.2 percent, transportation costs went up 12.7 percent and food cost 18.5 percent more.

These figures seem pretty steep until we come to the matter of "taxes." The average family in Phoenix was hit by a 20.6-percent increase in personal income taxes and a 35-percent jump in social security and disability taxes. Thus, the greatest rate of inflation was in the taxes imposed by the Federal Government on its citizens.

Mr. President, it becomes more and more apparent that Government—the Federal Government—is the major culprit in the inflationary spiral. It is somewhat ironic that the graduated income tax which is supposed to help equalize the weight of the tax burden actually works to give the Government a vested interest in inflation. As wages go up, the Federal Government's bite becomes bigger.

In addition, we have the Congress passing bill after bill that increase the cost of doing business and thus the costs to American consumers for the goods they must have. The Consumer Protection Agency legislation now before the Senate is another evample of a law which would bring higher and higher prices for goods.

Last week President Nixon gave an excellent speech concerning the causes of inflation and what we can do to cure it. Some people were disappointed that the President did not propose some dramatic blockbuster program to beat inflation overnight. The fact is that inflation is the result of forces—including actions by Congress—which have been at work since well before President Nixon took office.

We will not cure inflation in a day or a week or a month. We can cure inflation only through a persistent and unswerving dedication and through cooperation of the people, the unions, the business community, the administration and the Congress.

For our part in the Congress, we must have a balanced or a surplus budget. We must reject schemes which would increase spending for existing Federal programs or add costly new programs.

We must halt the flood of bills that add enormous costs for business and industry—costs which ultimately are borne by the consumer.

We must reject legislation which would tie millstones around the neck of American business and industry at a critical time in our economic history.

Too many of the bills presented to Congress as legislation to "protect" the people are deadly boomerangs which wind up slamming the consumer in the pocketbook.

We must begin to admit that the Government is not all-wise and all-powerful, that there are limits to what the Government can do for the people. Our national production and our resources are not, at any one given point, infinite. There are limits. And more important, we must remember that government itself is not a producer of wealth; government cannot give anything to one person without taking it away from another.

Recently politicians have made a big thing out of laws to "protect" the people. Each time the Congress passes a law to protect the people, the Congress assesses the people another cost. The fact that the cost usually is well camouflaged does not diminish the fact that it is another real cost and thus inflationary in these times.

Mr. President, I do not know how much more protection our people can stand. It appears the Congress is getting perilously close to protecting people out of their homes, their food, their cars, and perhaps their jobs.

I would hope that we will heed the message from President Nixon and adopt a program of fiscal responsibility which will contribute to economic stability.

Mr. ERVIN. Mr. President, I ask unanimous consent that all amendments which are now pending at the desk shall be considered to have been presented and read for the purposes of satisfying the requirements of rule XXII.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). Is there objection?

Without objection, it is so ordered.

Mr. ERVIN. Mr. President, my good friend from New York spoke about the merits of this bill. In my judgment, from having studied this bill in its present status, I do not think there is any merit in the bill.

For that reason, I think it is essential for those of us who think that this bill would play havoc with our system of government and would subject all the businessmen of America to the uncontrolled, arbitrary power of one single individual whose decisions cannot be reviewed by any power on Earth to have further time to enlighten some of our brethren in the Senate who have not yet seen the light.

For that reason, I sincerely hope that the Senate will permit those of us who recognize what a tyrannous bill this is to continue to point out the vast, uncontrolled and uncontrollable powers that the bill vests in a single individual in a government where it has been recognized that no one individual can be safely trusted with unrivaled governmental power.

The PRESIDING OFFICER. The time for debate having expired, the clerk will report the motion to invoke cloture.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the bill, S. 707, to establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and to authorize a program of grants, in order to protect and serve the interests of consumers, and for other purposes.

1. Abaham Ribicoff.
2. Howard M. Metzenbaum.
3. Philip A. Hart.
4. Joseph R. Biden, Jr.
5. Mike Mansfield.
6. Edmund S. Muskie.
7. Warren G. Magnuson.
8. Gale W. McGee.
9. John O. Pastore.
10. Henry M. Jackson.
11. William D. Hathaway.
12. Lee Metcalf.
13. Walter D. Huddleston.
14. Floyd K. Haskell.
15. Claiborne Pell.
16. Clifford P. Case.
17. Edward W. Brooke.
18. Edward M. Kennedy
19. Charles H. Percy.

## CALL OF THE ROLL

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair now directs the clerk to call the roll to ascertain the presence of a quorum.

The second assistant legislative clerk called the roll, and the following Senators answered to their names:

[No. 344 Leg.]

| | | |
|---|---|---|
| Abourezk | Brooke | Cotton |
| Aiken | Buckley | Cranston |
| Allen | Burdick | Curtis |
| Bartlett | Byrd, Harry F., Jr. | Dole |
| Bayh | Byrd, Robert C. | Domenici |
| Beall | Cannon | Dominick |
| Bellmon | Case | Eagleton |
| Bennett | Chiles | Eastland |
| Bentsen | Church | Ervin |
| Bible | Clark | Fannin |
| Biden | Cook | Fulbright |
| Brock | | Goldwater |
| Gravel | Mansfield | Ribicoff |
| Griffin | Mathias | Roth |
| Gurney | McClellan | Schweiker |
| Hansen | McClure | Scott, Hugh |
| Hart | McGee | Scott, William L. |
| Hartke | McGovern | Sparkman |
| Haskell | McIntyre | Stafford |
| Hatfield | Metcalf | Stennis |
| Hathaway | Metzenbaum | Stevens |
| Helms | Mondale | Stevenson |
| Hollings | Montoya | Symington |
| Hruska | Moss | Taft |
| Huddleston | Muskie | Talmadge |
| Hughes | Nelson | Thurmond |
| Humphrey | Nunn | Tower |
| Inouye | Packwood | Tunney |
| Jackson | Pastore | Weicker |
| Javits | Pearson | Williams |
| Johnston | Pell | Young |
| Kennedy | Percy | |
| Long | Proxmire | |
| Magnuson | Randolph | |

## VOTE

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). Pursuant to rule XXII, a rollcall has been had and a quorum is present.

The question before the Senate is, Is it the sense of the Senate that debate on the bill (S. 707) to establish a council of consumer advisers in the Executive Office of the President, to establish an independent consumer protection agency, and to authorize a program of grants, in order to protect and serve the interests of consumers, and for other purposes, shall be brought to a close?

The yeas and nays are mandatory under the rule, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), and the Senator from Hawaii (Mr. FONG) are necessarily absent.

The yeas and nays resulted—yeas 59, nays 39, as follows:

[No. 345 Leg.]

YEAS—59

| | | |
|---|---|---|
| Abourezk | Hathaway | Muskie |
| Bayh | Hollings | Nelson |
| Bentsen | Huddleston | Packwood |
| Biden | Hughes | Pastore |
| Brooke | Humphrey | Pearson |
| Burdick | Inouye | Pell |
| Byrd, Robert C. | Jackson | Percy |
| Case | Javits | Proxmire |
| Chiles | Kennedy | Randolph |
| Church | Magnuson | Ribicoff |
| Clark | Mansfield | Roth |
| Cook | Mathias | Schweiker |
| Cranston | McGee | Scott, Hugh |
| Domenici | McGovern | Stafford |
| Eagleton | McIntyre | Stevenson |
| Gravel | Metcalf | Symington |
| Hart | Metzenbaum | Tunney |
| Hartke | Mondale | Weicker |
| Haskell | Montoya | Williams |
| Hatfield | Moss | |

NAYS—39

| | | |
|---|---|---|
| Aiken | Dole | McClellan |
| Allen | Dominick | McClure |
| Bartlett | Eastland | Nunn |
| Beall | Ervin | Scott, William L. |
| Bellmon | Fannin | Sparkman |
| Bennett | Fulbright | Stennis |
| Bible | Goldwater | Stevens |
| Brock | Griffin | Taft |
| Buckley | Gurney | Talmadge |
| Byrd, Harry F., Jr. | Hansen | Thurmond |
| Cannon | Helms | Tower |
| Cotton | Hruska | Young |
| Curtis | Johnston | |
| | Long | |

NOT VOTING—2

| | |
|---|---|
| Baker | Fong |

The PRESIDING OFFICER (Mr. MCCLURE). On this vote there are 59 yeas and 39 nays. Two-thirds of the Senators present and voting not having voted in the affirmative, the cloture motion is rejected.

## PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ATOMIC ENERGY COMMISSION APPROPRIATIONS, 1975

The PRESIDING OFFICER. Under the previous order, the Senate returns to the consideration of H.R. 15155, the Public Works Appropriations bill.

Mr. STENNIS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the motion of the Senator from Florida (Mr. CHILES) to recommit with instructions.

Mr. NELSON. Mr. President, may we have order in the Senate?

Mr. STENNIS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order.

The Senator may proceed.

Mr. STENNIS. Mr. President, we are going to vote in a few minutes. This is the appropriation bill for the Atomic Energy Commission, the Bureau of Reclamation, Bonneville, TVA, Appalachia, rivers and harbors, all the U.S. Army Engineers civil works projects, and other agencies. Amendments have been completed. The motion is to recommit the bill to the committee, with a 5-percent reduction.

Mr. President, we have a new system on these reductions, if any, how to make them after the committee has acted on the bill. I ask the Senator from Maine if he would permit me to ask him just a few questions.

Mr. MUSKIE. Yes.

Mr. STENNIS. I would appreciate it.

The Senator from Maine has been appointed, as we know, as chairman of our new committee on the legislative budget. I call the Senator's attention to the present situation that we have for this method of making reductions and bringing matters in line. I noted yesterday, I think it was, he voted against a motion of this kind.

Is that correct?

Mr. MUSKIE. The Senator is correct.

Mr. STENNIS. I ask the Senator what his idea is now. I know the membership would be interested in the approach, the method, and the plan that he understands that he and his committee will propose to follow and what he thinks about this particular reduction at this particular time?

Mr. MUSKIE. I shall be glad to do that, may I say, to the Senator.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Maine is recognized.

Mr. MUSKIE. I shall try to do it under the time restraints.

Mr. STENNIS. I yield additional time.

Mr. MUSKIE. First of all, the Budget Committee has not been formed, organized, or staffed, nor has it adopted policy applicable to this year. But I think it might be useful, and this was the question the Senator put to me privately,

to undertake to put this debate in the context of the procedure that will be given its first trial run next year.

Next year, in the spring, we shall be asked and the Budget Committee has the responsibility of recommending to the Senate a first concurrent resolution establishing an overall ceiling, and then subtargets applicable to all programs and functions, and, of course, to all committees of the Senate. That will be debated. The Senate will vote on it. That will be the target for all committees as we proceed through the appropriations process.

The appropriations bills will then move through the process as they now do, bearing in mind the targets set by the first concurrent resolution.

When that work is finished, to the extent that there are discrepancies between the targets set up in the spring and the appropriations bills, those must then be reconciled by the Senate, first by the Budget Committee then by the Senate as a whole. The philosophy of that approach is that if we are to operate within constraints, those constraints ought to be applied on an overall basis from the point of view of the overall perspective we have of the resources available and the priorities that ought to be applied.

I do not know what, if anything, the Budget Committee, when it is formed this year, feels it would like to do with respect to this year's problem. We have a problem that concerns all citizens. The use of budgetary restraint is obviously a useful tool. I think it not unlikely that the Budget Committee, even though it is not in its first year of full operation, may undertake to recommend a policy to the Senate which applies, overall, the total results achieved by the Appropriations Committee and the Senate. Then we can balance our priorities. The Senators can decide whether or not, overall, there ought to be a cut; how much it ought to be; and if it ought to be more than a general cut or a selective one, what that ought to be.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STENNIS. Mr. President, I yield an additional 2 minutes to the Senator.

Mr. MUSKIE. There are indications already from some of the Senators who would be on that committee that they would welcome that kind of initiative by the Budget Committee. As soon as we are organized and staffed, as soon as the minority members have been selected and we are in a position to meet as a group, I would not be surprised but what this kind of initiative was taken. Indeed, I would welcome it.

In the budget reform legislation we are given a watchdog responsibility over the budget. We are not in a position today, of course, as a committee, to take a position on the amendment offered by the distinguished Senator from Florida, joined in, I think, by the distinguished gentleman from South Carolina. They are both going to be members of the Budget Committee. They feel very deeply about this. I honor them for that.

As far as I am concerned, I think my preference this year would be to take a look at what we finally achieve by the appropriations process, and then decide whether or not we ought to vote a rollback.

Let me say that I have watched the operations of the Appropriations Committee under the chairmanship of the distinguished Senator from Arkansas. I have been impressed by the commitment to fiscal budgetary prudence he has reflected in his leadership of that committee, matched, I believe, by the distinguished Senator from Mississippi. I think we do not go amiss in this transition period in the full budgetary process when relying on the judgment of Senators of this kind. We still reserve upon ourselves the option of adopting an overall policy this year, or at least recommending it to the Senate.

Mr. STENNIS. I thank the Senator very much for his constructive views.

I yield 3 minutes to the Senator from Arkansas, the chairman of the Appropriations Committee.

Mr. McCLELLAN. I thank the distinguished Senator.

I have about the same view of this situation as the distinguished Senator from Maine. Let me point to what can happen and what you are encouraging by this kind of procedure that you are undertaking to follow here today. If everybody knows his bill will get a 5-percent cut when it gets on the floor, all he has to do is to up his appropriation, and, with a 5-percent cut, it is about at the level he wanted to begin with. That is not the way to proceed in this thing. We have established this budget control committee. I would like to see it this year, as the conclusion of all the appropriations bills, take into account the total of what we have accomplished, evaluate it, and then come to the Senate with their best recommendation. But if we are going to take this kind of a procedure—that every time a bill comes up you just whack it 5 percent no matter what is in it, how conscientious the committee has been, how much they have achieved—if you are going to apply a meat ax operation like that across the board, then there is no incentive for me as chairman of my subcommittee to try to hold it down. Just let it go. Let it come before you. You are going to take 5 percent off of it anyhow.

That same thing is true with every other committee. I am sure in all of them the chairmen do what they can, with their views and convictions, to try to hold down expenditures. But there are some appropriation bills that exceed substantially the budget. There are others that are cut below the budget.

If you proceed to apply a 5-percent meat ax across the board, you are going to cause a great deal more injustice than you will if we go along with the law that is enacted and with what it was intended to do.

I have announced heretofore that I am going to try to cooperate with that committee to help make it a success.

Mr. PASTORE. Will the gentleman yield?

Mr. McCLELLAN. I yield to my distinguished friend.

Mr. PASTORE. There is another element that should be emphasized this afternoon. After all, there is no need in spending hour after hour listening to the witnesses if we are just going to have an across-the-board cut. You might as well take the budget estimate of the administration, without holding hearings, and say, "Let us cut it by 10 percent across the board."

What happens then? We are delegating away to the administration the power of Congress. It is our duty to make our priorities; our duty is to cut 15 percent where 15 percent can be cut, and to retain the estimate where it can be retained. I do not think we ought to delegate that away.

A meat cut or an ax cut across the board, in my humble way, takes away from the Congress the discretion to discriminate between priorities. I do not think we ought to abandon that, and I do not think we ought to delegate it to the agencies downtown.

Mr. STENNIS. Mr. President, I yield 2 minutes to the Senator from North Dakota. He has to go to a committee meeting.

Mr. YOUNG. Mr. President, I think this is the last kind of bill to which you would want to apply a meat ax cut.

First, this committee worked hard and diligently and listened to hundreds of witnesses. They were prudent, in fact, cut at least $400 million below requests. We are dealing with wealth creating, wealth producing projects. For example, if it had not been for the late Senator Ellender and his hard work in behalf of navigation, our transportation would be in far worse shape than it is today. There were the improvements for navigation including docks, the deepening of harbors, irrigation for parched agricultural lands of this country to produce more food; to produce more electricity with hydroelectric dams, nuclear power and flood control. Cities suffered from floods.

This whole bill is so meritorious and so different from many other bills that this would be the last one where you would want to apply a straight across-the-board cut.

Mr. STENNIS. I thank the Senator very much, Mr. President, for his remarks.

Mr. CHILES. Mr. President, I yield 10 minutes to the distinguished Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I had not planned to do so, but I appear as a proponent of the meat ax, the meat cutting course.

You know, you learn from experience.

We had this situation one time before, I remind the Senator from Oregon, the Senator from Mississippi, and the Senator from Maine. It was back in 1967 when Lyndon Johnson was President. After we had gone through in the Appropriations Committee and cut $5 billion, we got down to December, 5 months after the fiscal year had started and what we proposed by a vote of 74 to 0 was a delightful meat ax. That meat ax said to cut 2 percent of all civilian personnel and 10 percent of all controllables.

We put in a contingency fund of $300 million for President Johnson, and we did not touch Vietnam, but we did cut 10 percent into the other military employees and programs. The Senator from North Dakota voted for the meat ax. We cut $5 billion by meat ax unanimously in December of 1967, and it was overwhelmingly agreed to by the House of Representatives, because that is the only way we

are going to get our hands on this monster.

Do not come back and give me this reply about the number of witnesses. I happen to serve on the Appropriations Committee, and I know we hear the witnesses. The distinguished Senator from North Dakota is loyal in supporting me, as is the Senator from New Hampshire (Mr. COTTON). They do attend the hearings.

But we have to listen to all our own, and then we get the letters from all the Senators, and then there is a sort of poker game of dividing up the cards.

So it is all nailed together, and what does this group use as a response—all the hours of deliberation and the witnesses. This is an answer in light of the raging inflation?

I respect all the Senators, particularly, as a conservative, my friend from Mississippi. He just went over the amount, from 1974 to 1975, by $624 million. If we aprove what he requests, it will be $624 million over last year.

If Senators want to keep that train going, that is their business, but I would hope we can only get the 5-percent cut on the new spending, which will not really damage any project.

The Senator from Oregon says that he is going to take a stand for selective cuts, calling the other approach fiscal irresponsibility. Was it fiscal irresponsibility in December 1967 when my distinguished colleague and I voted for it?

I ask unanimous consent, Mr. President, to have printed in the RECORD this joint resolution, entitled, "Reductions in Obligations and Expenditures," together with a chart showing its effect on the budget.

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

[Public Law 90-218, 90th Congress, H.J. Res. 888, Dec. 18, 1967]

JOINT RESOLUTION MAKING CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 1968, AND FOR OTHER PURPOSES

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the joint resolution of October 5, 1967 (Public Law 90-102) is hereby amended by striking out "October 23, 1967" and inserting in lieu thereof "December 20, 1967".

TITLE II—REDUCTIONS IN OBLIGATIONS AND EXPENDITURES

SEC. 201. In view of developments which constitute a threat to the economy with resulting inflation, the Congress hereby finds and determines that, taking into account action on appropriation bills to date, Federal obligations and expenditures in controllable programs for the fiscal year 1968 should be reduced by no less than $9 billion and $4 billion, respectively, below the President's budget requests. The limitations hereafter required are necessary for that purpose.

SEC. 202. (a) During the fiscal year 1968, no department or agency of the Executive Branch of the Government shall incur obligations in excess of the lesser of—

(1) the aggregate amount available to each such department or agency as obligational authority in the fiscal year 1968 through appropriation acts or other laws, or

(2) an amount determined by reducing the aggregate budget estimate of obligations for such department or agency in the fiscal year 1968 by—

(i) 2 percent of the amount included in such estimate for personnel compensation and benefits, plus

(ii) 10 percent of the amount included in such estimate for objects other than personnel compensation and benefits.

(b) As used in this section, the terms "obligational authority" and "budget estimate of obligations" include authority derived from, and estimates of reservations to be made and obligations to be incurred pursuant to, appropriations and authority to enter into contracts in advance of appropriations.

(c) The references in this section to budget estimates of obligations are to such estimates as contained in the Budget Appendix for the fiscal year 1968 (House Document No. 16, 90th Congress, 1st Session), as amended during the first session of the 90th Congress.

SEC. 203. (a) This title shall not apply to obligations for (1) permanent appropriations, (2) trust funds, (3) items included under the heading "relatively uncontrollable" in the table appearing on page 14 of the Budget for the fiscal year 1968 (House Document No. 15, Part 1, 90th Congress, 1st Session), and other items required by law in the fiscal year 1968, or (4) programs, projects, or purposes, not exceeding $300,000,000 in the aggregate, determined by the President to be vital to the national interest or security, except that no program, project, or purpose shall be funded in excess of amounts approved therefor by Congress.

(b) This title shall not be so applied as to require a reduction in obligations for national defense exceeding 10 percent of the new obligational authority (excluding special Vietnam costs) requested in the Budget for the fiscal year 1968 (House Documents Nos. 15, Part 1, and 16), as amended during the first session of the 90th Congress: *Provided,* That the President may exempt from the operation of this title any obligations for national defense which he deems to be essential for the purposes of national defense.

SEC. 204. In the administration of any program as to which (1) the amount of obligations is limited by section 202(a)(2) of this title, and (2) the allocation, grant, apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution, the amount available for obligation as limited by that section or as determined by the head of the agency concerned pursuant to that section shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

SEC. 205. To the maximum extent practical, reductions in obligations for personnel compensation and benefits under this title shall be accomplished by not filling vacancies. Insofar as practical, reductions in obligations for construction under this title may be made by stretching out the time schedule of starting new projects and performing on contracts so as not to require the elimination of new construction starts.

SEC. 206. The amount of any appropriation or authorization which (1) is unusual because of the limitation on obligations imposed by section 202(a)(2) of this title and (2) would not be available for use after June 30, 1968, shall be used only for such purposes and in such manner and amount as may be prescribed by law in the second session of the 90th Congress.

Approved December 18, 1967.

LEGISLATIVE HISTORY

House Reports: No. 785 (Committee on Appropriations) and No. 1011 (Committee of Conference).

Senate Report No. 672 (Committee on Appropriations).

CONGRESSIONAL RECORD, volume 113, (1967): October 18, December 11: Considered and passed House. October 23-25, December 12: Considered and passed Senate.

NOTE.—The following tabulation sets forth the effect of title II of the foregoing act on controllable obligations as estimated by the Bureau of the Budget on February 8, 1968, but subject to revision as later figures become available:

[In millions]

| Department or agency | Budgeted controllable obligations (1) | Reductions in obligations arising from congressional actions other than in H.J. Res. 888 (estimate) (2) | H.J. Res. 888 additional reductions (estimate) (3) | Total reductions (estimate) (4) | Revised obligations (estimate) (5) |
|---|---|---|---|---|---|
| Agriculture | $4,322 | +$72 | $458 | $386 | $3,936 |
| Commerce | 1,070 | 104 | | 104 | 966 |
| Corps of Engineers | 510 | 10 | 57 | 67 | 443 |
| Health, Education, and Welfare | 7,498 | 311 | 439 | 750 | 6,748 |
| Housing and Urban Development | 1,351 | 488 | 150 | 638 | 713 |
| Interior | 1,668 | 75 | 53 | 128 | 1,540 |
| Justice | 477 | 20 | | 20 | 457 |
| Labor | 525 | 27 | 20 | 47 | 478 |
| Post Office | 532 | 62 | 49 | 111 | 421 |
| State | 306 | 6 | 12 | 18 | 288 |
| Transportation | 1,456 | +6 | 104 | 98 | 1,358 |
| Treasury | 917 | 7 | 26 | 33 | 884 |
| Atomic Energy Commission | 2,646 | 115 | 85 | 200 | 2,446 |
| General Services Administration | 699 | 8 | 113 | 121 | 578 |
| National Aeronautics and Space Administration | $5,061 | $511 | | $511 | $4,550 |
| Veterans' Administration | 1,754 | 1 | $139 | 140 | 1,614 |
| Office of Economic Opportunity | 2,060 | 287 | | 287 | 1,773 |
| Economic assistance | 2,450 | 455 | | 455 | 1,995 |
| Other civilian programs | 1,300 | 91 | 505 | 596 | 704 |
| Allowances | 2,450 | | | | 2,450 |
| Interfund transactions | −682 | | | | −682 |
| Exceptions | | | +300 | +300 | 300 |
| Subtotal | 38,370 | 2,500 | 1,910 | 4,410 | 33,960 |
| Defense, non-Vietnam, and military assistance | 54,695 | 2,610 | 2,989 | 5,599 | 49,096 |
| Total | 93,065 | 5,110 | 4,899 | 10,009 | 83,056 |

Mr. HOLLINGS. Mr. President, the first few words of that title read:

In view of developments which constitute a threat to the economy with resulting inflation . . .

Not a single Senator dissented then. Senators can refer to the schedule which is attached, in which we did not hurt any particular agency of Government.

This is a complex problem. We discuss whether we ought to agree with these increases and come back later with changes. I think it is highly misleading to give budgetary credibility to this approach by calling on our distinguished budget chairman to tell us about what we are going to do next year. If this is what we are going to do, wait until next year for overruns and targets, then I agree with the sticker I have seen which says, "Impeach everybody." We cannot wait until next year. We have to do something this year. And have to do something within our budget committee too.

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

Mr. HOLLINGS. Not at this time.

The distinguished Senator and I discussed this matter. We on the Budget Committee were waiting on the Republicans to appoint their members. But as these appropriation bills come down the pike now, by cutting 5 percent, we can hold up just one-half of that $600 million increase. Cut my projection in Charleston, S.C., by that percent. I have been working on it for 13 years and it is vital to our economy, but I think it can stand a 5-percent cut in the interest of a balanced budget.

We have to have, as the Senator from Oregon would well have in church, a little lent, a little self-denial, and self-discipline.

We are talking about the number of witnesses and say that this is fiscal prudence when we jump it by $624 million. We are going willynilly down the road to chaos. How are we going to stop it?

I yield to the Senator from Maine.

Mr. MUSKIE. Mr. President, first, I should like to make clear that I do not recall saying earlier, in response to the Senator from Mississippi, that I expected the Budget Committee to wait until next year to exercise any of the responsibilities mandated under the budget reform bill. I recall quite clearly saying that I expected—and may I now add to what I said earlier in response to the Senator from South Carolina—that the Budget Committee would address itself, or seek to do so, to the problem this year.

With respect to the question of what is or is not meat ax, I guess one would have to define it.

I recall the resolution to which the Senator referred, and it is a very carefully worded resolution, occupying, I think, a page and a half of text which was carefully examined by those who are expert on the budget in the Senate.

Mr. HOLLINGS. Mr. President, I do not want to interrupt, but this could be on the time of the distinguished Senator from Mississippi, because we have only a few minutes.

Mr. STENNIS. I agreed to more time for the Senator than for us. I am sorry, but I am about out of time.

Mr. HOLLINGS. I am about out of time, too. I wanted to yield to the Senator for a question.

Mr. STENNIS. Mr. President, I yield 1 minute to the Senator from Maine.

Mr. MUSKIE. As I recall, it was an across-the-board cut, but it was an across-the-board cut that was carefully evaluated by all those who were in a position to understand the implications.

The Senator offered this as a subject for consideration by the Budget Committee the other day. I have already started the process of evaluating it in terms of this year's budget. I certainly do not object to the Senator's initiative this afternoon; I think it is useful. But I do not think that to compare this proposal this afternoon to the kind of carefully developed policy of 1967 is altogether on all fours.

Finally, let me say that I do not challenge any Senator's right to take any initiative he wishes at any time to cut spending. I only undertook to explain my own position with respect to this year's problem. I have a special responsibility as chairman of the Budget Committee. Second, I undertook, at the request of the Senator from Mississippi, to explain the philosophy of the budget bill for whatever use that may have as a guide to Senators responding to this problem.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HOLLINGS. Mr. President, simply put, I think that we on the Appropriations Committee and on the Budget Committee owe the people the duty to look at what we spent in the last fiscal year, what has been requested for this fiscal year and then see what each one of these committees suggested we spend in this fiscal year. If we do not increase them, if we are below the budget estimates, and there is no increase, then we can hold the line. But if there is a $624 million increase in public works and we say we need these projects and all are well conceived ones, then I ask, "Where are we going to cut?"

We know that some are lying in wait to cut HEW, which the President always vetoes, and others are sitting back waiting to cut Defense. I think we ought to do it across the board. A 5-percent cut will not hurt any of these projects. It is sensible; it is sound; it is not meat-ax. There is a fine, studied precedent.

I think it is misleading to have the chairman of the Appropriations Committee and the chairman of the Budget Committee give fiscal credibility to going over this budget by $624 million as compared with last year.

Mr. STENNIS. Mr. President, will the Senator yield on that point?

Mr. HOLLINGS. I yield.

Mr. STENNIS. The Senator from South Carolina could not be here this morning. He did not hear my remarks this morning, I judge, when I explained the accounting for this overrun.

For example, the Atomic Energy Commission, which accounts for $462 million of the increase over last year, had revenues of $805,300,000 that came in to them in 1974, nonappropriated money, and an unusually large amount. The fiscal year 1975 revenues are estimated to be about $135,700,000 less; $221.3 million was carried over from fiscal year 1973 to fiscal year 1974 which reduced the appropriation in 1974. That accounts for most of the $462 million of the so-called overrun. As to the other difference of $161 million, did the Senator hear me say that it was divided between water resources development matters, Bonneville Power, and TVA—all three of which are revenue producing and repaying agencies that are in this bill?

These are not runaway figures. Those differences account for the $624 million increase.

I appreciate the Senator yielding to me. He just had not had those figures. I ask unanimous consent to place a fact sheet in the RECORD explaining the AEC increase over last year.

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

AEC FY 1975 BUDGET ESTIMATE FOR APPROPRIATION FOR NONENERGY RELATED ACTIVITIES

As indicated on page 6 of the Senate Committee on Appropriations Report dated July 26, 1974, AEC's budget estimate for FY 1975 operating expenses for non-energy related activities is $1,461,633,000 as compared to the FY 1974 appropriation of $916,378,000. The reason for this apparently large increase of $545,255,000 from FY 1974 is that all AEC revenues, as well as the large unobligated balance carried forward (carryover) from FY 1973 to FY 1974, were applied against the non-energy portion of the AEC appropriation request. As shown below, changes in revenues and carryover account for $358,091,000 of this increase.

Revenues applied, $135,700,000.

The budget estimate for revenues in FY 1975 of $669,600,000 is $135,700,000 less than the FY 1974 amount. Since revenues are applied as a reduction to the Agency's appropriation request, the decrease in revenues in FY 1975 has the effect of increasing the FY 1975 appropriation by $135,700,000 over the FY 1974 amount.

Revenues in FY 1974 totalled $805,300,000 which was unusually high as a result of the special sale of 10,000,000 separative work units to Japan at a price of $320,000,000. Of this amount $50,800,000 was delivered and taken into revenues at the end of FY 1973; this contributed to the large FY 1973 carryover to FY 1974. The remaining $269,200,000 from Japanese sale was delivered and taken into revenues in FY 1974; this resulted in unusually large revenues for FY 1974.

Unobligated balance (carryover), $222,391,000.

AEC carried forward an unobligated FY 1973 balance of $222,391,000 into FY 1974 was used to reduce the Agency's FY 1974 appropriation. This unusual carryover resulted primarily from a slippage in the obligation of the Clinch River Demonstration Plant contract from FY 1973 to FY 1974 ($92,450,000), increase in revenues over the budgeted amount ($65,558,000, which includes $50,800,000 from the Japanese sale), and reductions in programs as a result of the Administration's efforts to reduce FY 1973 Federal outlays.

A more appropriate indication of the change in total obligations between FY 1974 and FY 1975. The FY 1975 budget estimate is $2,131,233,000, an increase of $187,732,000 over the FY 1974 level of $1,943,501,000. Of this, $77.7 million represents the increased cost of electric power for uranium enrichment operations. The remaining $110.0 million represents an increase of approximately 5.6 percent which, in view of inflation, would in effective keep the non-energy related pro-

gram activity in FY 1975 at about the FY 1974 level.

Mr. HOLLINGS. I thank the Senator.

The point is not where it comes from. The time is too limited to explain inflation. I do not believe I could do so.

I yield to the Senator from Florida.

Mr. CHILES. Mr. President, I yield 2 minutes to the distinguished Senator from New York (Mr. BUCKLEY).

Mr. BUCKLEY. Mr. President, I rise in support of the amendment that has been offered. I think it is the only prudent way we can approach the problem, given the practical situation at hand.

I agree that to decide to cut back by 5 percent is difficult. I do not believe that anyone questions the sincerity of the hard work put in by the very able members of the committee.

But we have to face the central fact now facing this country today and that is that we have come to grips with a problem of 2 digit inflation of a type that historically can break the backs of society.

We are not there yet, but if we do not address the problems before us with sufficient seriousness, we can yet achieve the fate of countries across the world.

Mr. President, the simple fact is that a year ago this appropriation spent $3,000,900,000, then by the time this year's budget was considered by the House it began with a figure of $4,000,400,000. They managed to add on another $63 million on the floor. We have to call a stop.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CHILES. Mr. President, I yield 2 minutes to the Senator from Kansas.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Florida.

Let me say at the outset, if the 5-percent cut fails, then the Senator will offer a more moderate 3-percent cut.

Let me also suggest, certainly this is not criticism of the committee, but I would point out we have not had double digit inflation all year, and some of us are feeling the heat of it this year in particular. There are about 33 or 34 instances that I can think of in this body, and I would only indicate that in every survey the American people are demanding a cut in Federal spending.

Certainly I do not offer and I am certain the distinguished Senator from Florida does not offer any criticism of the committee. I know of no more responsible Senators than those in charge of this bill today on the floor. But it does appear we have an obligation and I think the forces are rolling, the anti-inflation, the cutting-in-spending forces are rolling, and if the 5 percent one fails, I will offer one for 3 percent.

Mr. CHILES. I yield 2 minutes to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank the distinguished Senator from Florida.

I just want to say that obviously I do not stand in criticism of those who worked hard to prepare this budget, nor do I stand in opposition to what Senator MUSKIE proposes for the future.

However, it appears to me we have the now. We cannot as a Senate stand by while the American people are asking someone in a position of leadership to do something and excuse ourselves from doing something on the basis of a procedure that is not yet developed, that we wish to get developed, but in all reality will be 5 or 6 months into this fiscal year, if at all, with the things we know are pending before the Senate and the Congress of the United States.

It appears to me that if we want a procedure, the Appropriations Committee themselves could decide that they would meet and each budget would at least have some range, so we do not sit by and watch 14 budgets go through and have the same argument that we have today proposed on each, saying when we are through adding it all up, sometime in December perhaps, then we will apply 5 percent.

I think those who are supporting this, begging us who are going to prepare to do something about it, should meet together and say it is $295 billion, and when we add it all up it is not going to be more than that.

We would not be here meat axing—to borrow a phrase from the Senator from South Carolina—but how can we tell the American people what we are going to do when it is dependent upon 12 more budgets?

We do not know when they are coming and then maybe a committee that does not even have jurisdiction under the helm of Senator MUSKIE might say it is 5 percent too high.

What we are trying to say, the American people want it done.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHILES. Mr. President, I yield 2 minutes to the Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I thank the distinguished Senator from Florida.

Mr. President, some Senators pointed out that there are many good projects in this bill, and, certainly, there are. I would like to point out that there are many good projects not in the bill that could be included if there were sufficient money, but I do not think we should measure what we do today on the quality of projects in this bill. It is what we can afford.

The American people are saying. "We want a plan to cut back, a plan of a balanced budget."

This is perhaps not the best, but it is a plan, and it will be well understood by the American people.

They are cutting 5 percent, in many cases more than 5 percent, but some people are saying today that we are out of control, that we cannot cut, even if we had the determination to cut, that it is impossible to reduce the budget and balance it.

I cannot believe that. I hope that is not true. I do not believe it is true. But I think it is important that we provide a psychological impact which will certainly go a long way to reduce interest rates by taking action in Congress to reduce the deficit and to balance the budget. I think this would meet with more approval by the American people than anything else Congress could do.

Mr. CHILES. Mr. President, I yield 2 minutes to the Senator from Georgia.

Mr. NUNN. Mr. President, I agree with my colleagues advocating this 5-percent cut.

I believe the attitude of the American people is very clear. I know the attitude of the people of Georgia is clear; and it is very clear to me that Congress must cut Federal spending now or there will be economic disaster in this country.

Next year is not soon enough.

I commend the Senator from Maine because he has done an excellent job setting up what will be a very fine budget mechanism. However, the very premise for that mechanism is setting an overall spending ceiling before we start approriating money, not afterwards.

We argued that point over and over and over. Thank goodness it is included in the final bill. This Senate also set a $295 billion ceiling. But unless we get down to details, unless we implement this ceiling, our intentions will be nothing but rhetoric.

I am delighted that the Senator from Maine and the Budget Committee are going to take an overall look at it this year. I submit, however, that this approach is going to have to take one of three routes.

The first alternative is for us to say to the President of the United States that we want him to do the cutting, which I do not believe this Congress will do unless we set rigid guidelines; or the second alternative is to say to the Appropriations Committee and the other committees that we want them to do the cutting. The third alternative would result from an absence of the first two. If we do not set spending limits we are going to run away with the budget. If we let the budget steamroll this year, we are not going to have in the future the fundamentally sound economic base this country must have for national security, for public works, for welfare, or for any other possible appropriation.

Mr. President, the details are clear to me and the people of this country. The point is now for the Congress to say "no" to inflationary Federal spending.

Mr. CHILES. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

The Senator from Mississippi has 2 minutes remaining.

Mr. CHILES. I yield 2 minutes.

Mr. HOLLINGS. Mr. President, I am on the Budget Committee and on the Appropriations Committee. What we are saying by this method is that we cannot wait 3 or 4 months for the Budget Committee, for Republican members to be appointed, for the committee to get staffed, have hearings, and do all this deliberating.

Why is this being presumptuous and too speedy?

In and of itself, this method will not stop inflation, but the American economy and the American public deserve a signal from the floor of the U.S. Senate, a signal that we know, that today we are aware, that we understand the dilemma, and that we are acting.

Dr. Kissinger, when he appears before us, does not talk about foreign policy. He talks about his concern over economic stability.

This is our chance. That journey of 1,000 miles begins with one step.

Now is the hour to give that signal, to take that step. It will have a fine psychological effect and it will start us on the right deliberate path.

Mr. STENNIS. Mr. President, I yield to the Senator from Indiana.

Mr. HARTKE. Are not most of the big items in this budget capital expenditures rather than current expenditures?

Mr. STENNIS. The Senator is eminently correct; except for some AEC programs and the smaller agencies and commissions; more than 90 percent are capital investments, and those of us that really followed this through saw where the quicker you finish them the better because of this inflation that is raging. Many of them are revenue-producing.

Mr. HARTKE. And if we delay the thing, it will cost the country more in the long run to get the same end result?

Mr. STENNIS. Yes.

Mr. HARTKE. I am going to support the chairman of the committee.

Mr. STENNIS. I appreciate the Senator's support.

I wish we had more time. I think we have explained this so-called increase from last year matter here, that revenue for these departments was available in 1974 and not in 1975.

Now, this bill has been carefully gone over, as I said, with guidelines. We used them and applied them without exception. Projects with marginal benefits were left out; those without full assurance of local support were left out; projects delayed because of legal action were out, and so on.

Without being offended at all, I observe that Senators who have spoken in behalf of this motion have urged us, here on this floor, to yield to the House of Representatives on matters that we had cut out and accept the House figures, thereby running this bill on up higher.

As I say, I do not complain of that. But we have had 6 months of urging by the membership of this body, and I am glad we have not neglected anyone. I welcomed the urging. We had letters, personal appearances, letters saying, "See my friend Joe Doakes; he has a good project"—that is all right, too. These matters had to be.

But they are not inflated. They are not rounded figures. This is a very conservative bill. I have reminded Senators that this is not only flood control, navigation, and rivers and harbors. It is reclamation. The entire budget for the Bureau of Reclamation is in this bill. It includes the Bonneville Power Administration, the TVA, Appalachia, Atomic Energy Commission, and all this group of others.

The PRESIDING OFFICER (Mr. McCLURE). The time of the Senator from Mississippi has expired. The Senator from Florida has 2 minutes remaining.

Mr. CHILES. Mr. President, I think this debate shows us why it is wise for us to try to get control over our spending. Every time we work on any piece of the appropriation picture, someone says, and rightfully so, "Why are you singling out this?"

"We have held careful hearings; this measure contains projects that are so important, why are you not doing anything about this?"

We go on to the next, and they argue:

This one is different; how can you do something about this?

These are people problems, how can you do something about them?

These are food stamp problems, can you do something about them?

Public works favors all of our constituents. People like it. We all like it. So we can never bring ourselves to do anything about it. Yet half of us voted for $295 billion as a ceiling. Are we going to do something about that, or not? If we are, at some stage we have to swallow the bullet. At some stage we have to say, "Painful as it is"—and it is hard to do—"I am ready to do something about it."

I think this is a good time, and I think we ought to adopt this proposal, send the bill back to the committee with a target figure, and tell the committee, "Use your knowledge and use that target figure; we are giving you a goal. We did not give you that to start with; how could we expect you to do a better job? But we are going to do this now on all projects that come up, so that we can show the American people we are going to live within our means."

The PRESIDING OFFICER (Mr. McCLURE). All the time has expired. The question is on agreeing to the motion to recommit, with instructions. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Kentucky (Mr. HUDDLESTON) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER) and the Senator from Hawaii (Mr. FONG) are necessarily absent.

The result was announced—yeas 41, nays 56, as follows:

[No. 346 Leg.]

YEAS—41

| | | |
|---|---|---|
| Abourezk | Dominick | Nunn |
| Allen | Fannin | Packwood |
| Bartlett | Goldwater | Pell |
| Bentsen | Gurney | Percy |
| Biden | Hansen | Proxmire |
| Brock | Helms | Ribicoff |
| Buckley | Hollings | Roth |
| Byrd, Harry F., Jr. | Hughes | Scott, William L. |
| Chiles | Humphrey | Taft |
| Cook | McClure | Thurmond |
| Cotton | McGovern | Tower |
| Curtis | McIntyre | Tunney |
| Dole | Metzenbaum | |
| Domenici | Mondale | |
| | Nelson | |

NAYS—56

| | | |
|---|---|---|
| Aiken | Eagleton | Javits |
| Bayh | Eastland | Johnston |
| Beall | Ervin | Kennedy |
| Bellmon | Fulbright | Long |
| Bennett | Gravel | Magnuson |
| Bible | Griffin | Mansfield |
| Brooke | Hart | Mathias |
| Burdick | Hartke | McClellan |
| Byrd, Robert C. | Haskell | McGee |
| Cannon | Hatfield | Metcalf |
| Case | Hathaway | Montoya |
| Church | Hruska | Moss |
| Clark | Inouye | Muskie |
| Cranston | Jackson | Pastore |
| Pearson | Stafford | Talmadge |
| Randolph | Stennis | Weicker |
| Schweiker | Stevens | Williams |
| Scott, Hugh | Stevenson | Young |
| Sparkman | Symington | |

NOT VOTING—3

| | | |
|---|---|---|
| Baker | Fong | Huddleston |

So the motion to recommit was rejected.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I send to the desk a motion to recommit the bill and ask for its immediate consideration.

The PRESIDING OFFICER. The motion will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) moves that the Public Works and Atomic Energy Commission Appropriation Bill, H.R. 15155, be recommitted to the Senate Appropriations Committee with the following instructions to the Committee:

That they reduce the total amount of expenditures under the Act to $4,391,021,000.

The PRESIDING OFFICER. There will be 20 minutes for debate on this motion, 10 minutes for each side.

Mr. STENNIS. Mr. President, may we have the figures read again?

The PRESIDING OFFICER. The clerk will reread the figures.

The assistant legislative clerk read as follows:

That they reduce the total amount of expenditures under the act to $4,391,021,000.

Mr. STENNIS. I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, I wish to say to Senators, we have already been over the essential arguments once. This is a more moderate reduction of 3 percent. That is the essence—it is 3 percent instead of 5 percent.

I will yield very briefly to the Senator from Arizona. Then, as far as I am concerned, I shall yield back the remainder of my time.

We are in a period of severe inflation. Inflation and its economic and financial impact has become the issue of greatest concern in Kansas and throughout the Nation today. Recommendations have come from the administration and the Congress that Federal expenditures be curtailed to reduce inflation. If this objective is going to be accomplished, we must take a stand to limit expenditures now—on this bill and on the bills we consider in the future.

I move that the public works and Atomic Energy Commission appropriation bill be recommitted to the committee with instructions to cut expenditures to 3 percent below the budget request, or to $4,391,021,000.

Mr. President, I recognize that there are several Kansas projects in this bill. My interest in these projects does not mean the junior Senator from Kansas feels that projects should be cut in other

States and not in Kansas. On the contrary, Kansans are prepared to bear an equal share of appropriation cuts along with everybody else. The junior Senator from Kansas simply feels that all projects should be cut equally and that all States should bear the pain of budget cuts equally.

According to the 1975 budget scorekeeping report published by the Joint Committee on Reduction of Federal Expenditures on June 21, 1974, the Congress has already enacted a $727 million increase over the budget request. The report also shows that appropriation and legislative bills already passed by the Senate would increase expenditures above the budget request by $3,677,296,000. This level of increase is more than 10 percent above the budget request and in view of this, I believe a 3 percent reduction in the public works appropriation bill is not unrealistic.

But if we are serious about inflation and about the impact it is having on everyone in America, we must stand up and say "no", however painful. We just cannot have it both ways.

The bill we are considering is already about $40 million over the budget request. While I commend those on the Appropriations Committee for their efforts to hold down spending requests, I suggest they should have done more. My motion would require a cut of $176,182,000.

We have to start somewhere if we are really serious about doing something to combat inflation.

Mr. GOLDWATER. I thank the Senator from Kansas for yielding.

I voted for the last amendment; I shall vote for this one. I wanted to call the attention of Senators to a——

The PRESIDING OFFICER. The Senator will suspend. The Senate is not in order.

The Senator may proceed.

Mr. GOLDWATER. I call the Senator's attention to a speech that was made by the Senator from Texas (Mr. BENTSEN) over national television last night that I think is one of the best statements on the economy and what we have to do about it that I have heard. Among other things that he suggested was an increase of congressional effort to cut back Federal spending. President Nixon proposed a $5 billion cut in the 1975 budget. Mr. BENTSEN mentioned no specific figure, but some other Democrats have urged a much larger reduction.

I am very happy to see the majority party, the Democrat Party, finally coming to realize that the Congress is the cause of the inflation that we are having today. It is not the unions, it is not business; it has been the spending of money we have not had and do not have over the last 40 years, through Republican administrations and Democrat administrations.

I think it is high time to use the meat ax approach, if we have to use it. The scalpel is not working.

I support this motion. I hope that Republicans and Democrats will finally come to the realization that the Senator from Texas (Mr. BENTSEN) came to last night, and I imagine he was speaking for his party, because it was in answer to President Nixon's economic speech of last week.

All of us should join together and see that these budgets are cut. I know that when I vote to cut this budget, I am going to cut one of the most important projects my State has ever had, but I would rather live without that project a little longer than live with the thought that people are unable to keep the money that they earn.

I thank the distinguished Senator from Kansas for yielding.

Mr. DOLE. I thank the Senator from Arizona.

Let me repeat, this is essentially the same motion we just defeated, except it is 3 percent instead of 5 percent. I would urge again it is time for Congress to demonstrate responsibility. I know that it is very difficult to vote to cut this bill. It will be difficult to cut the next bill or any appropriation bill this year. But as inferred by the Senator from Arizona, it is a nonpartisan or bipartisan responsibility we have in this critical time.

I yield back the remainder of my time.

Mr. STENNIS. Mr. President.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. I propose to be quite brief about this matter. It is no fun to put a bill like this together. It is going to be very difficult to make a reduction of this kind, one that is fair and right.

No one respects the Senator from Kansas any more than I do. I have affection for him. He is a great asset to the Senate. But he urged us this morning to put in more money—more money.

I do not blame him for that at all. But I illustrated to him, "You cannot put in more money than the House would put in for your State." We left out the money and the Senator, representing his State, asked us on the floor to put it back in. Well, that would have added to the bill. Now he proposes to reduce the bill.

I judge the Senator is still for those in Kansas.

So that is the dilemma that we would be cast in.

Mr. HATFIELD. Will the Senator yield?

Mr. STENNIS. Yes, I am glad to yield to the Senator from Oregon.

Mr. HATFIELD. As a member of the subcommittee, I would be glad to expand on the statement that the chairman is making and ask him to place in the RECORD the $400 million to $500 million requests that were offered by our colleagues to the subcommittee that we considered on their merits and determined we could not increase the budget by that amount. I ask him to make that a part of the RECORD.

Mr. STENNIS. We are not complaining. It just shows the impossibility of the tight spot that the committee and the Senators are in.

Mr. McCLELLAN. Will the Senator yield to me for just a minute?

Mr. STENNIS. Yes, I yield to the distinguished Senator from Arkansas.

Mr. McCLELLAN. I think I am correct that we invited every Senator to come before the Committee on Appropriations and show us where cuts could be made. We gave every Senator an opportunity—I think I wrote each one twice—and asked them to come and point out where they felt cuts could be made.

Now, if we are going to have a Committee on Appropriations and if it is going to function, we ought to have the benefit of the Senators' counsel there before we bring bills out, rather than criticism of our efforts after we get here.

I hope that Senators will keep that in mind in the future, and if we have something that ought to be taken out, come and present it to us. We get far more requests to put more in than we do to take out. In fact, it is an unusual thing if any Senator writes us and asks us to take something out of these bills.

On the contrary, we get pressure, we get letters to be sure we get this project in and that project in.

I just wanted to mention that. It is not a case of the Committee on Appropriations trying to run this thing and placing its judgment over everybody else. We ask for Senators' counsel. We invite it. If they will come and cooperate with us in that way, maybe we can eliminate some of these items and not come to the Senate floor with so many in such large amounts.

I advance that as a matter of good spirit, but Senators have to cooperate with us and give us their help.

Mr. President, I ask unanimous consent to insert in the RECORD a copy of the letter I sent to each Member asking their cooperation in this matter, to come before us and point out where they wanted the cuts made.

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

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
*Washington, D.C., January 24, 1974.*

On February 27, the Senate Committee on Appropriations will begin general overview hearings on the President's proposed budget for fiscal year 1975.

The first witnesses will be Roy L. Ash, Director of the Office of Management and Budget; George P. Schultz, Secretary of the Treasury; and Herbert Stein, Chairman of the President's Council of Economic Advisers.

Following the testimony of these witnesses, I would like to invite you and all members of the Senate to submit your views on the budget and your suggested spending priorities either through direct testimony or by way of a written statement.

Your participation in these hearings will, I am certain, help the Committee to establish tentative spending ceilings similar to those we set—and, surpassed—last year. Your contributions will also help us to develop a legislative budget which will be commensurate with American needs and the fiscal realities we face today.

I, therefore, invite and welcome your participation in our initial review of the President's budgetary proposals. Every effort will be made to arrange for a mutually convenient time for you to appear. To facilitate scheduling, please have your staff contact Proctor Jones on Extension 57260 by February 11.

With kindest personal regards, I am
Sincerely yours,
JOHN L. McCLELLAN,
*Chairman.*

Mr. STENNIS. I thank the Senator very much.

Mr. DOLE. I appreciate the reference the Senator made. Whenever he mentions my name, I am honored.

I would say this reduction should be applied to all the Kansas projects, which total about $23 million. Three percent of that is in excess $600,000. The Senator from Mississippi offered his comments to point up how difficult it is to cut Federal spending.

It is very difficult to reduce anything. As mentioned in jest, I could lose a project, but might save my seat if the Senate votes to start cutting expenditures and if the junior Senator from Kansas has the courage to vote for the spending cuts.

It is serious. The American people want some response. We shall continue offering responsible cuts and some day will prevail.

I request the yeas and nays.

Mr. STENNIS. I am glad to yield to the Senator from Arkansas.

Mr. FULBRIGHT. Since I have already lost my seat, I think I can be more objective. I voted for the Senator's amendment yesterday and the day before. I am going to vote for any and all cuts, but I think what is involved is some discrimination between those projects that are most important to the country.

We shall have foreign aid here very soon. A lot of people who are going to vote against this cut will vote against cuts there.

The PRESIDING OFFICER. The Senate will be in order.

Mr. FULBRIGHT. Obviously, somewhere, somebody has to do some discrimination on where we cut. This is public works, here at home. We have rising unemployment; we are likely to have it. Then we come in with an ad hoc, off-the-cuff program to give employment. Why not take a basic bill that has been gone over? Many of the projects here are ongoing projects.

Assuming the cuts occur, we have had the experience time and again that they have delayed projects in my State and doubled the cost, because of inflation, delay, and disruption. I think it is our duty to use discrimination in what we cut. I do not see how you can justify a cut in this kind of a program, which is essentially for the basic improvements of our own economy, in contrast to a lot of other bills I can think of, which I intend to cut.

Mr. STENNIS. I thank the gentleman very much. He has stated the situation far better than I could.

As I stated, a large amount of this money is for capital investment. That is where your money increases.

Mr. FULBRIGHT. That is correct.

Mr. STENNIS. May I take one other minute to explain something that naturally was noticed?

The budget for 1975 was over the budget for 1974 by $624 million. I have already given an explanation, gentlemen, for that apparent great increase: It is made up of less revenues and large carryover balances of the Atomic Energy Commission. They had the benefit of large revenues in the 1974 budget and carryover balances, thereby reducing the 1974 budget, but do not have a like income in the 1975 budget and the carryovers to reduce it further.

These factors left them short about $462.7 million overall. They just did not have the revenue income and the carryover.

That leaves a difference to account for of $161 million, which went to water resources development, the Bonneville Power Administration, and TVA, all of them money-producing works and agencies that turn money back into the Treasury. They are paybacks, that is what they are, and large ones. If you consider that $116 million of 1973 appropriations to the corps were reserved and taken up in the 1974 budget year, this overall increase almost disappears.

So in spite of inflation, this budget is not any big overrun over the 1974 fiscal year. We have carefully prepared and gone over and over these projects, applying the guidelines which had proved well in the past years, dropping out those that had the low benefit-cost ratios, projects about which there was still a lack of support, where legal actions were pending, and taking those, instead, on planning and surveying—which does not run into a large amount of money—and those in the process of construction where we have been committed too far to let them stop, and let them go on and be built before the cost increases.

I hope the Senate will see fit to sustain this position.

The PRESIDING OFFICER. All time has been consumed or yielded back. The yeas and nays have been ordered. The question is on agreeing to the motion to recommit with instructions.

Mr. STENNIS. Instructions for what, Mr. President?

The legislative clerk read as follows:

That they reduce the total amount of expenditures under the act to $4,391,021,000.

Mr. STENNIS. That would be the equivalent of a 3-percent deduction?

The PRESIDING OFFICER. The Chair cannot express a comment on that.

Mr. STENNIS. Can the Senator from Kansas?

Mr. DOLE. That is correct.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Kentucky (Mr. HUDDLESTON) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), and the Senator from Hawaii (Mr. FONG) are necessarily absent.

The result was announced—yeas 44, nays 52, as follows:

[No. 347 Leg.]

YEAS—44

| | | |
|---|---|---|
| Allen | Fannin | Packwood |
| Bartlett | Goldwater | Pell |
| Beall | Griffin | Percy |
| Bentsen | Gurney | Proxmire |
| Biden | Hansen | Ribicoff |
| Buckley | Helms | Roth |
| Byrd, Harry F., Jr. | Hollings | Scott, Hugh |
| Chiles | Hughes | Scott, William L. |
| Cook | Humphrey | Stafford |
| Cotton | McClure | Taft |
| Curtis | McGovern | Thurmond |
| Dole | McIntyre | Tower |
| Domenici | Metzenbaum | Tunney |
| Dominick | Mondale | |
| Eagleton | Nelson | |
| | Nunn | |

NAYS—52

| | | |
|---|---|---|
| Abourezk | Hart | Montoya |
| Aiken | Hartke | Moss |
| Bayh | Haskell | Muskie |
| Bellmon | Hatfield | Pastore |
| Bennett | Hathaway | Pearson |
| Bible | Hruska | Randolph |
| Brooke | Inouye | Schweiker |
| Burdick | Jackson | Sparkman |
| Byrd, Robert C. | Javits | Stennis |
| Cannon | Johnston | Stevens |
| Case | Kennedy | Stevenson |
| Church | Long | Symington |
| Clark | Magnuson | Talmadge |
| Cranston | Mansfield | Weicker |
| Eastland | Mathias | Williams |
| Ervin | McClellan | Young |
| Fulbright | McGee | |
| Gravel | Metcalf | |

NOT VOTING—4

| | | |
|---|---|---|
| Baker | Fong | Huddleston |
| Brock | | |

So Mr. DOLE's motion was rejected.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. McCLELLAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I yield to the Senator from Arkansas whatever time he desires.

Mr. McCLELLAN. Are we going to have a yea and nay vote on passage?

Mr. STENNIS. I would like to, yes.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. STENNIS. I yield to the Senator from Arkansas for an announcement.

Mr. McCLELLAN. Mr. President, I wish to announce to the members of the Appropriations Committee that the meeting we had scheduled for 2:30 we have had to postpone because of the proceedings here on the floor, but we will, immediately following the vote on passage, meet and try to report the bill as scheduled for today.

Mr. PROXMIRE. Mr. President, once again I intend to vote against H.R. 15155, the AEC-public works appropriation bill. Good and needed projects are funded this year, as always. And the committee has worked hard to cut out several projects which are essentially a waste of tax dollars. I am particularly pleased that three projects have not been funded: Tock's Island Dam, Springer (Oakley) Dam, and Falmouth Lake. By recommending against these projects, the committee has performed a real service for the people living in the affected areas and in the interests of preserving environmental quality. The total estimated Federal cost for these three projects is now almost half a billion dollars—money that can be better spent in other areas.

Unfortunately, this year's total appropriation for the AEC and public works is still far too high. By cutting out unnecessary projects, we could greatly reduce the expenditures mandated by this bill. There are two good reasons why the bill is too expensive. First, budget cuts are vitally needed to combat inflation. Second, numerous projects in the bill are environmentally destructive and far more costly than sound alternative means for accomplishing the same goals. If ever we needed greater restraint in Federal spending it is now. At a time when the administration is arguing that budget cuts should be made in areas that promote human welfare, Congress should be taking a good

hard look at the sort of funding appropriated in the public works area.

Given the current economic climate, there is no excuse for going over the budget estimates for fiscal year 1975. The total amount voted by the Senate should be substantially lower. Yet this bill appropriates $40 million more than the estimates for 1975 and a whopping two-thirds billion over the appropriations for last fiscal year—a 16 percent increase. The total recommended for public works is almost 3 percent higher than the budget estimates. Funds for construction and planning for the Corps of Engineers and the Bureau of Reclamation are a full 6 percent over the budget estimates and an incredible 13 percent and 27 percent, respectively, above fiscal year 1974 appropriations.

The argument can be made that these figures do not reflect the situation accurately since funds were carried over from 1973 into 1974, thus decreasing last year's appropriation. Yet the real problem is that in any given year, entirely too much money has been thrown away on projects that are either totally unnecessary or positively destructive. We have promoted flood plain development by building dams when it is being widely recognized that developments should be kept out of natural stream flood plains. We have severely damaged the environment to accommodate projects to favor special interests. Water development projects have been built at great public expense while more economic alternatives are ignored.

The committee report justifies the public works appropriations by pointing out the need for Federal money to "provide needed electric power, a more adequate water supply, flood control, irrigation, additional and improved waterways for navigation, recreation and other essential services for our people." I do not argue against such goals. But I cannot support spending hard-earned tax dollars for projects that do not effectively meet them.

Federal funds are unquestionably needed to protect the people from loss of life and property damage due to severe flooding. What I question is how we should go about doing this. The Corps of Engineers answer, as reflected by the large number of such projects funded each year, is to build dams. But I am not at all convinced that the feverish dam building of the last several decades has done the job. In fact, despite ever-increasing Federal appropriations for flood control, annual flood damages continue to grow.

A recurrent phenomenon in corps projects involves justifying dams by deriving substantial part of the flood control benefits from protecting future flood plain development. This sets up a vicious circle: Greater flood plain protection is predicated on extending the flood plain for residential development. Thus, a major flood could still strike the area and cause greater damage than would occur under a similar flood without the developed flood plain.

This year, the corps requested $93.5 million for flood control along the Mississippi River. The Senate committee has recommended $127 million. I question how much of this money is going to be spent wisely. Lulled by a false sense of security due to the presence of a dam, flood plain development is continuing in this area. Ongoing construction all along the Mississippi has tended to increase the flood heights and potential damages.

The economic justifications offered for some of these dams are suspect. The corps has been involved in about 1,000 flood control projects at a cost of $11 billion. These projects have saved almost $30 billion in flood damages. This looks like an excellent record. After all, the projects appear to have paid for themselves threefold. But this is a very good example of the kind of sophistry that can be built on statistics. What happens is this: The corps builds a dam at a cost of $50 million to protect a relatively undeveloped flood plain. Then, after the dam is built, $150 million of new development is located below the dam—development which would not have taken place if the dam had not been built in the first place. Along comes a flood 3 years later, and presto, the $150 million development is spared. The corps can then argue that the dam has already paid for itself three times over. Of course, if the dam fails, the results can be catastrophic to the people living in areas where they would not live if the dam had not been built. This is a little like buying a cat to protect your barn from rats, even when you do not have any rats. Nonetheless, you really want to have that cat, so you go out and buy some rats so the cat will have something to do. You can then go around and tell all your neighbors what a fine cat you have, how it is worth every cent you paid for it because it keeps down the rat population.

The committee has mentioned the need for more energy as a significant benefit provided by the bill under consideration. I fully support projects that will increase our domestic energy self-sufficiency when the benefits legitimately exceed economic, social, and environmental costs. Yet only 40 of the 250 corps projects and studies in this bill will supply any hydroelectric power. The rest of the projects will involve a large energy expense but will produce no energy in return.

Corps of Engineers projects require more energy and create fewer jobs than almost any other Federal program except highway construction. Furthermore, the very forms of transportation which canal and waterway projects often encourage are far less energy efficient than alternative modes. According to a June 1974, study by the University of Illinois Center for Advanced Computation, barges—which are effectively subsidized by these projects—use 10 to 23 percent more energy than railroads. The committee has rightly expressed a concern about our serious energy problems. Yet, millions of dollars are being committed to fund projects which not only require tremendous amounts of energy to build, but also benefit only a small number of people in the area.

A good example of this is the Tennessee-Tombigbee Waterway in Alabama. This one-half billion dollar ditch is justified primarily on the basis of projected savings to shippers who will use the canal. Despite the fact that the existing railway facilities in the area could serve the same purpose and use less energy, this bill appropriates $38 million to subsidize the shipping interests.

According to a recent study sponsored by the energy research group of the Center for Advanced Computation, the total energy which will be expended for construction of this project will be 1.9 by $10^{15}$ Btu's—the energy content of 3.4 million barrels of crude oil or 762,000 tons of coal. This tremendous expenditure of time, money, and energy, is going to subsidize an industry which is far less energy efficient than the existing alternative modes of transportation in the area. A crowning irony in view of the committee's expressed concern about our energy deficit, is that promotional material supplied by this waterway's supporters in the past has stressed the importance of the canal in facilitating the shipping of strip-mined coal to Mobile for eventual export to Japan.

In some instances, even the projects directly related to producing more energy are not worth the investment. The Dickey-Lincoln Dams which are planned for northern Maine are a case in point.

Although no Federal funds for this project were requested in the budget, both the House and the Senate have recommended $800,000 for planning.

The purpose of this project is to provide hydroelectric power for New England. In view of the recent Arab oil embargo, it is tempting to rush on with any such project. Such action is not justified in this case. The estimated Federal cost of the project is $356 million, using the corps' 3¼ percent discount rate. Using realistic interest rates, however, and taking inflation into account, the final price tag could go as high as $800 million. The Dickey Dam alone would be the sixth largest in the United States, larger than the Aswan in Egypt.

The environmental impact would be significant. The dams would flood 140 square miles of timberland, plus additional land for at least 150 miles of transmission lines.

In return for all of this, what would the dam provide? Less than one-half percent of New England's electrical demand within 10 years after the project is completed. There is no guarantee that any of the power would be made available outside of the State of Maine. How about consumer savings on electric bills? Only a fraction of 1 percent of New England's $1.6 billion power bill—if that much—would be saved.

The $800,000 now recommended for extended planning for this project could be better used to reach long-range solutions for conserving energy through better insulation of buildings, changes in consumption patterns, and new building and transportation design.

Mr. President, these and other projects are far too costly for the limited benefits they would provide. While there are projects in the bill I can and do support, the total impact of this funding is excessive and unjustifiable. I intend to vote against the bill as reported.

Mr. HASKELL. Mr. President, I would like to comment briefly on the pending legislation which appropriates funds for various public works water and power development projects.

At the outset let me extend my sincere appreciation to the distinguished members of the Appropriations Committee for their favorable consideration of several projects which are of great importance to the people of Colorado.

On June 24 I wrote a letter to the chairman of the Subcommittee on Public Works, AEC, Mr. STENNIS, and outlined the specific needs and desires that I had with respect to this bill.

The committee's decisions on these projects are in close agreement with those made by the House of Representatives.

I certainly realize that the needs and desires of the local communities have not, in every case, been satisfied with the decisions which have been made. Those needs simply exceed the amount of Federal moneys which are available. Given that situation it is especially important that we here in Congress make a careful evaluation of those competing needs and interests in order to make as equitable a distribution of funds as is possible.

I believe the bill before us has met that need for equity and am pleased to be able to support it. I hope that in succeeding years we will be able to fund additional projects as they may be necessary.

Mr. HATHAWAY. Mr. President, the Public Works Appropriation bill before the Senate today contains $800,000 to complete preconstruction planning for the Dickey-Lincoln hydroelectric project in northern Maine. Senate approval of this provision would mean that for the first time since 1967, both Houses of Congress would have approved funds for this project which was first authorized in 1965. The House of Representatives, usually the stumbling block in getting planning funds, approved the $800,000 amount this past June, a strong indication that the importance of this project as a sound of desperately needed electric power is becoming more apparent. I strongly urge the Members of this body to give their approval so that the people of Maine and New England, for whom energy costs are an exceptional burden even in the best of times, can be assured that the Federal Government has taken notice of their plight and is acting to bring some relief.

As I am sure the Members of this body are aware, a number of private utilities in Maine and New England, traditional opponents to Dickey-Lincoln, have publicly ceased their opposition this past year. Many Members of the other body, particularly from the New England States, who had been very vigorous and vocal critics of this hydroelectric project in the past, have now strongly endorsed it because of the future energy needs of New England as these have been underscored by the recent energy shortage.

All opposition to the Dickey-Lincoln hydroelectric project, however, has not ceased. I am sure the Members of this body are aware that numerous groups and individuals, concerned about preserving the environment of northern Maine, oppose the project because they believe its adverse effect on this environment is not worth the economic and recreation benefits that will result.

While I believe that most of these groups and individuals are sincere in raising their objections, I believe their fears of environmental damage are exaggerated.

For example, Mr. President, there are approximately 1,600 streams and 2,000 lakes in the State of Maine. A total of five streams will be affected by the Dickey-Lincoln project. Maine is 90 percent forested; one-half of 1 percent of this forested area will be flooded.

Still, I would be less than candid if I did not admit that we have to make some sort of tradeoff if we want to construct the Dickey-Lincoln Dam. There will be certain hunting, wilderness, and canoeing areas that will be flooded by the Dickey Lakes, and I can understand the concern of those who oppose this project because they do not want to see these lost. In view, however, of the vast expanse in our State which will remain untouched by this project and thus capable of providing timber and recreation, coupled with the growing demand for electric power between now and the year 2000, I believe it is in the interest of the people of Maine and New England to construct another source of clean, economical electric power.

I want to assure my colleagues that all aspects of Dickey's environmental impact will be examined very closely at both the Federal and State levels. Indeed much of the $800,000 for Dickey-Lincoln in the bill we are presently considering will be used to make an environmental impact study as now required by law. The environmental protection laws of the State of Maine are among the strictest in the Nation and the Members of this body can rest assured, Mr. President, that the Maine State Board of Environmental Protection will examine the Dickey-Lincoln hydroelectric project very closely. Before any approval would be granted by this board, there would be public hearings so that the people can make their concerns known.

Finally, Mr. President, my own voting record, public statements, and legislative efforts during more than a decade in Congress are overwhelming evidence that environmental preservation has been one of my main concerns. I do not believe that my support for the Dickey-Lincoln hydroelectric project during that same decade is in any way inconsistent with this record.

Mr. ROTH. Mr. President, today we are being asked to approve another budget-breaking appropriations bill. The bill we are considering today would appropriate $4.5 billion for public works projects and the Atomic Energy Commission.

I am not opposed to many of the programs funded by this bill; they are laudable and worthwhile. But I am opposed to automatic expansions of every Federal program and project every year.

This bill appropriates $40 million more than was requested by the President's budget, and $91.8 million more than was passed by the House of Representatives. Additionally, this bill would spend $624 million more than we spent last year.

The Congress simply cannot continue to approve these large increases every year. Inflation is out of control, primarily because of excessive deficit spending, yet we are being asked to approve a 13-percent increase in this spending bill.

Seventy-four Senators have already voted to balance the budget this year; 54 Senators signed a letter to the President asking him to balance the budget this year. But the President cannot balance the budget by himself.

Two days ago the Senate voted to increase spending for agriculture, environment and consumer programs by $138.5 million over the budget and $3 billion over last year's figure. Yesterday, the Senate voted against cutting spending for the Treasury Department and the Post Office by $131 million. And today we are voting on a bill to increase spending by $624 million over last year's total.

In the past 3 days alone, this Senate has voted to spend over $3.6 billion more than last year.

Now, I do not believe that these spending cuts out of a budget of over $300 billion would automatically cure inflation. But it would signal the American people that the Senate is serious about reducing inflation.

The Federal budget is out of control, and unless each Member of Congress takes positive action to restrain spending, we cannot control inflation.

The rejection of just one of these budget-breaking bills would assure the American people that we are determined to control inflation and preserve fiscal sanity.

THE DICKEY-LINCOLN SCHOOL HYDROELECTRIC PROJECT

Mr. MUSKIE. Mr. President, I want to address my colleagues on the importance of the $800,000 which is included in the Public Works appropriation bill, before us today, for continued planning of the Dickey-Lincoln project in Maine.

The project is familiar to many of my colleagues, I am sure—a major hydroelectric facility designed to provide 1.2 million kilowatt hours of electric power to Maine and the Northeastern States. Dickey would increase the peaking power capacity in New England by 18.7 percent when completed and would thus represent a major contribution toward the task of meeting the energy demands of our region. Of equal significance, the project would not depend upon expensive fuel oil now used for the bulk of New England's present and peaking power facilities.

In large measure, because of the high cost of fuel, the private electric utilities which opposed this project in prior years withdrew their opposition this year. Yet, new voices have been raised in opposition and questions have been posed by a number of concerned citizens' organizations regarding the environmental effects of the project and its economic justification.

I believe these questions can be answered. Many already have, I believe, on

the basis of information now available. But additional information concerning the impact of the project is required and that is precisely the purpose of the $800,000 appropriation which we consider today.

I would remind my colleagues, however, of two significant historical facts about Dickey-Lincoln which ought to be considered. First, Dickey-Lincoln was born out of a concern for the environment. In the late 1950's, a major study of the feasibility of the Passamaquoddy Bay tidal power project on the Maine-Canadian boundary led to the recommendation of a supplemental hydroelectric facility in northern Maine. During the same period, the National Park Service completed separate study of the recreation potential of New England and recommended a major wilderness area for the same location.

In view of the importance of the environmental and recreational considerations pointed out by the Park Service, the hydroelectric project was shifted to its present site at Dickey, Maine, with a reduction in power values, and the Allagash Wilderness Waterway was established to preserve the river for its scenic and recreational value.

I point this out, not to claim that all the environmental concerns involving the Dickey-Lincoln project have been set to rest, but to dispell the apparent notion held by some that this project is being imposed upon Maine with no environmental consideration at all.

In fact, years before the National Environmental Policy Act came into existence, State and Federal officials—on their own initiative—conducted a series of evaluations of the environmental and recreational aspects of the project. The first such evaluation took place in 1963–64 as part of the Interior Department's study and later, during 1966–67, further studies were conducted by the Army Corps as part of its preparatory efforts.

The funds I urge that we appropriate today will provide the means of preparing a detailed environmental impact statement to continue this prior work. This will give us an opportunity to reevaluate our earlier conclusions in light of environmental standards which have evolved since the mid-1960's. I welcome this. Second, another aspect of the objections which have been raised recently against Dickey concerns the economic justification for the project.

Over the years, the favorable economic basis for the project has been determined, confirmed and reaffirmed by no less than three Federal agencies and by independent analysis.

As a member of the Senate Public Works Committee for 15 years, I have reviewed hundreds of projects which have been authorized by the Congress. I can think of no other project which has been the subject of such intense scrutiny for so long a period. And throughout this time, the benefit-cost ratio of Dickey-Lincoln has consistently been shown to surpass that of the majority of public works projects approved by the Congress.

I note, for example, that during debate on this project in 1967 the Army Corps of Engineers and the Department of Interior advised me that, of 170 Federal power projects ever constructed or under construction, Dickey's benefit-cost ratio was better than 75 percent of them. This information was included in a thorough review of the economic aspects of the project which may be found on pages 31950–31961 of the CONGRESSIONAL RECORD, November 7, 1967, to which I would refer those who wish to explore this aspect in depth.

My point in repeating this information is not to claim that Dickey should be subject to no further scrutiny. Rather, it is to point out that Dickey-Lincoln has been subject to the same tests and the same standards which every other public works project has been for many years. And it has consistently met them. To come in at this late date and seek to apply a different standard—one not applied to other projects—is not only discriminatory but destroys the basis for a meaningful comparison with other comparable projects.

Ultimately, the Dickey-Lincoln project must stand on its own. I believe it will. With the funds included in this measure, we will obtain the information necessary to support a spirited public debate on the project and a reexamination of its value in light of changed circumstances.

I am confident, on the basis of what has gone on before, that Dickey-Lincoln will meet this test and will continue to merit the support of Maine people.

Mr. KENNEDY. Mr. President, the public works appropriation which we are considering today includes $800,000 which is of critical importance to the New England area. These funds will enable us to; First, continue pre-construction planning for the Dickey-Lincoln hydroelectric power project, and second, to conduct a much needed impact statement on the effects of the Dickey-Lincoln facility on the environment in the St. Johns area.

The significance of Dickey-Lincoln as a source of clean, inexpensive power to New England has increased substantially since it was first proposed in 1965. As a result of New England's particular dependence on oil as our primary source of energy, and due to increases in the price of coal and imported fuel oil, our area is now paying 28 percent more for its energy than the rest of the Nation. We are dependent on imports for 35 percent to 40 percent of that oil.

New England has also has lagged far behind the rest of the Nation in the development of low cost electric power. As a result New Englanders pay higher electric rates than those paid by consumers of electric power in the rest of the country. This is due in part to New England's lack of public power facilities to serve as a yardstick in measuring the performance of private electric utilities and the cost of the power they generate. Had construction of Dickey-Lincoln after the initial studies of 1966 and 1967, it would now be nearing completion and filling this need.

Dickey-Lincoln would be a peak power generating plant. Peak power is needed during those periods of the day when the demand for energy is greatest. Dickey-Lincoln could meet that demand.

In the 1966 estimate of the benefit-cost ratio of the Dickey-Lincoln multipurpose dam and reservoir, the Army Corps of Engineers assigned it a favorable 1.91 to 1 benefit-cost ratio. In light of the soaring interest rates and construction costs for privately financed projects, and the high price of oil, the benefit-cost ratio has now risen to 2.6 to 1.

It would take about 7½ years to build the Dickey-Lincoln facility. With 725 megawatts of power on line to Boston, Dickey-Lincoln would provide New England with 10.25 percent of its peaking power requirements by 1983. In addition, 350 million kilowatthour from the downstream New Brunswick plant would be shared with the United States on a 50–50 basis. According to the Army Corps, this energy would be transferred by Canada to the United States at border tie exchange points and there would be no exchange costs.

Moreover when preconstruction planning funds are appropriated, discussions can begin with the New England Power Pool on the possible integration of power transmission on NEPOOL lines. This would result in a substantial reduction in the cost of transmitting power from Dickey-Lincoln to Boston. Discussions could also be held with public and private utilities on the marketing of the power that Dickey-Lincoln will generate.

Capital for construction would be available at an interest rate of 3¼ percent. All but $14 milion of the cost of constructing the dam will be paid back to the Federal Government in 50 years. The dam is expected to last 100 years, with little in maintainance and operating costs.

Serious questions have been raised over the environmental impact of Dickey-Lincoln's construction on the undisturbed St. John wilderness. It would alter an ecological system. A river would become a lake; some timberland would be destroyed. As a result of environmental concern, in 1963 the site of the dam was shifted from the confluence of the St. John and the Allagash Rivers to the present Dickey-Lincoln School location, to avoid the environmental damage and recreational loss which would have resulted from flooding of the Allagash. Thus the Allagash would be preserved in its natural wilderness state.

Beyond the generation of power and creation of new recreational opportunities, an additional benefit may result from construction of this dam. For many years the communities along the St. John have experienced flooding, some of it severe. This year, flooding caused an estimated $3 million damage in Fort Kent. The Dickey-Lincoln dam would provide protection against similar destruction in the future.

In closing, let me emphasize that we are not voting today on the actual construction of Dickey-Lincoln, but on funds to continue preconstruction planning and other related studies, including the environmental impact statement required by the National Environmental Policy Act. Of the $800,000 appropriation, $150,000 will be used to initiate

work on that statement. This, together with the other preconstruction studies, will take 20 months to complete. During this period, all interested parties will be given the opportunity to voice their concerns at public hearings. The updated studies will provide long-overdue accurate information on the environmental impact of this project on the St. John.

I urge my colleagues to approve these preconstruction planning funds.

Mr. HELMS. Mr. President, only a few moments remain before this bill will be approved by the Senate. There is no doubt about the outcome. I shall vote against it, for the same reasons that I cosponsored two unsuccessful motions to recommit the bill with instructions to reduce the spending total.

However, let me say, Mr. President, that I thoroughly appreciate the feelings of the distinguished Senator from Mississippi (Mr. STENNIS) and the distinguished Senator from Arkansas (Mr. MCCLELLAN), both of them have said on this floor today that they wished Senators had tried to reduce the enormity of this appropriation when the bill was still being considered in committee.

I need not mention my affection or respect for either of the distinguished Senators. They know that I consider them two of the finest Senators ever to serve their country. Both are fiscal conservatives. On almost every proposition, we stand together and vote alike. I say this to emphasize that my vote against this bill should in no way be interpreted as criticism of them, or as doubt that they have done their best with a huge task of great proportions.

I cosponsored the Chiles motion to recommit with instructions to the committee to reduce spending under this bill by 5 percent. Now, Mr. President, a 5 percent reduction would have done no serious damage to the pork barrel. None of the pork barrel's staves would have been ripped off. But it would have been an indication of good faith on the part of this Senate that we mean what we say in our public oratory about "economy in government." The effort to achieve that 5 percent reduction was rejected today by the Senate, 59 to 39.

Then I cosponsored a motion by the distinguished Senator from Kansas (Mr. DOLE) to recommit this bill to committee with instructions to reduce spending contained in it by a mere 3 percent. We did better on that, Mr. President. We were defeated by a scant margin, 52 to 44.

Now, Mr. President, returning to the suggestion here a few minutes ago that Senators should have tried to reduce this bill with earlier efforts and recommendations, let me say that this Senator tried to do precisely that. In fact, I did the unthinkable. I asked that spending on a project in my home State—indeed, in my own home county—be reduced.

And what happened, Mr. President? On a strict party-line vote in subcommittee, my bill to save a minimum of $12 million dollars was defeated, 4 to 3.

Now let me quickly say, Mr. President, that some of the most fiscally sound Senators in this body are Democrats. Wild spending is not a partisan matter. Neither is doubletalk about "economy in Government." That is why I think it is essential that the American people somehow find a way to check up on how everybody in public life performs when he really has a chance to cut Government spending. Words do not count, Mr. President—but actions do.

I just want the RECORD to show, Mr. President, that this Senator from North Carolina regards it as his duty to practice what he preaches about cutting Federal spending and curbing inflation. And I invite my distinguished friends from Arkansas and Mississippi, to whom I am devoted, and whom I admire immensely, to look into the incident which I have described. There is no time to discuss it now on the floor of the Senate, and I do not feel that this is the appropriate place to discuss it anyhow.

I shall cast a protest vote against this bill, Mr. President, because I do feel that the enormity of the amount of taxpayers' money to be spent ought to have been trimmed—and that it could have been trimmed without adversely affecting any project contained in this bill.

Mr. STENNIS. Mr. President, I yield back the remainder of my time, if the other side will do so.

Mr. HATFIELD. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Minnesota (Mr. MONDALE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), and the Senator from Hawaii (Mr. FONG) are necessarily absent.

I further announce that, if present and voting, the Senator from Hawaii (Mr. FONG) would vote "yea."

The result was announced—yeas 78, nays 17, as follows:

[No. 348 Leg.]

YEAS—78

| | | |
|---|---|---|
| Abourezk | Gravel | Moss |
| Aiken | Griffin | Muskie |
| Allen | Hart | Nelson |
| Bayh | Hartke | Packwood |
| Beall | Haskell | Pastore |
| Bellmon | Hatfield | Pearson |
| Bennett | Hathaway | Pell |
| Bentsen | Hruska | Percy |
| Bible | Hughes | Randolph |
| Biden | Humphrey | Ribicoff |
| Brooke | Inouye | Schweiker |
| Burdick | Jackson | Scott, Hugh |
| Byrd, Robert C. | Javits | Sparkman |
| Cannon | Johnston | Stafford |
| Case | Kennedy | Stennis |
| Church | Long | Stevens |
| Clark | Magnuson | Stevenson |
| Cook | Mathias | Symington |
| Cranston | McClellan | Taft |
| Curtis | McClure | Talmadge |
| Domenici | McGee | Thurmond |
| Dominick | McGovern | Tower |
| Eagleton | McIntyre | Tunney |
| Eastland | Metcalf | Weicker |
| Ervin | Metzenbaum | Williams |
| Fulbright | Montoya | Young |

NAYS—17

| | | |
|---|---|---|
| Bartlett | Fannin | Nunn |
| Buckley | Goldwater | Proxmire |
| Byrd, Harry F., Jr. | Gurney | Roth |
| Chiles | Hansen | Scott, William L. |
| Cotton | Helms | |
| Dole | Hollings | |
| | Mansfield | |

NOT VOTING—5

| | | |
|---|---|---|
| Baker | Fong | Mondale |
| Brock | Huddleston | |

So the bill (H.R. 15155) was passed.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical corrections in the engrossment of the Senate amendments.

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

Mr. HATFIELD. Mr. President, on behalf of the chairman of our committee, the distinguished Senator from Mississippi (Mr. STENNIS), I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. STENNIS, Mr. MCCLELLAN, Mr. MAGNUSON, Mr. BIBLE, Mr. ROBERT C. BYRD, Mr. PASTORE, Mr. HATFIELD, Mr. YOUNG, Mr. HRUSKA, Mr. CASE, and Mr. RANDOLPH conferees on the part of the Senate.

Mr. STENNIS. Mr. President, I wish to highly commend as well as warmly thank the following highly valuable and inexhaustible members of our staff: Mr. Proctor Jones, Mr. David Gwaltney, Mr. Jim Bond, and Mrs. Gloria Butland. They have been doing exceptionally fine work, with unusually long hours. There have been no weekends that they have failed to work, and they have a good deal of work still ahead of them on this measure.

Mr. HATFIELD. Mr. President, I wish to associate myself with the comments made by our chairman (Mr. STENNIS), and add my voice in commendation and gratitude to the staff for the excellent job they have performed for the subcommittee.

## ANITA TOMASI

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1003, S. 3578.

The PRESIDING OFFICER. The bill will be stated by title. The legislative clerk read as follows:

A bill (S. 3578) for the relief of Anita Tomasi.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed as follows:

S. 3578

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in the administration of the Immigration and Nationality Act, Anita Tomasi may be classified as a child within the meaning of section 101(b)(1)(F) of such Act upon approval of a petition filed in her behalf by Miss Theresa Tomasi, a citizen of the United States, pursuant to section 204 of such Act: *Provided,* That the brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House insists upon its amendments to the bill (S. 425) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. UDALL, Mrs. MINK, Mr. VIGORITO, Mr. MELCHER, Mr. RONCALIO of Wyoming, Mr. SEIBERLING, Mr. STEIGER of Arizona, Mr. RUPPE, Mr. CAMP, and Mr. KETCHUM were appointed managers of the conference on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14012) making appropriations for the Legislative Branch for the fiscal year ending June 30, 1975, and for other purposes; that the House recedes from its disagreement to the amendments of the Senate numbered 1–30, inclusive, 32, 33, 34, 38, 42, 43, 44, 45, 47, 52, 53, 54, 60 and 68 to the bill, and concurred therein; that the House recedes from its disagreement to the amendments of the Senate numbered 31, 37, and 69 to the bill, and concurs therein, each with an amendment in which it requests the concurrence of the Senate; and that the House further insists on its disagreement to the amendment of the Senate numbered 51 to the bill.

The message further announced that the House agrees 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. 15074) to regulate certain political campaign finance practices in the District of Columbia, and for other purposes.

The message also announced that the House has passed and agreed to the following bill and concurrent resolution, each with an amendment in which it requests the concurrence of the Senate:

S. 3698. A bill to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology; and

Senate Concurrent Resolution 93. A concurrent resolution relating to an inflation policy study.

## SENATE JOINT RESOLUTION 230—ONE HUNDREDTH ANNIVERSARY OF THE CHAUTAUQUA INSTITUTION

Mr. JAVITS. Mr. President, on behalf of myself and my colleague (Mr. BUCKLEY), I send to the desk a joint resolution saluting the Chautauqua Institution on the occasion of its one-hundredth anniversary, and I ask unanimous consent for its immediate consideration. I wish to state that it has been cleared on both sides.

The PRESIDING OFFICER. The clerk will report.

The joint resolution (S.J. Res. 230) was read the first time by title and the second time at length, as follows:

S.J. RES. 230

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*

Whereas there has been times in the development of the highest qualities of humanity when the threads of spiritual values, educational values, and esthetic values have intertwined in a nexus resting within a unique community and a unique institution, it is fitting that tribute should be paid to the achievement and to the example of Chautauqua; and

Whereas for one hundred years the vision of the distinguished founders of Chautauqua, Lewis Miller and the Reverend Dr. John Vincent, has shone like a beacon, illuminating the cultural life of America and diffusing through every part of that life the light of the high ideals and noble purpose with which they embarked upon their great endeavor; and

Whereas being founded upon a commitment to the unity of the nature of man, Chautauqua in its century has sought to weave the religious, the educational, and the artistic yearnings of mankind into the fabric of American culture; the story of ten decades of unchallenged achievement is itself a testament to the magnanimity in mind and the dedication in deed which those who have played a part in the venture have brought to bear in its fulfillment; and

Whereas as Chautauqua prepares for its second century dedicated to the full development of human potential, it is appropriate that its contribution to the lasting values of the community of mankind should be commemorated; and

Whereas originally established as a center for the education of Sunday School teachers, Chautauqua rapidly interpreted its mission as the dissemination of education to all men and women of all ages, Chautauqua Institution pioneered the teaching of physical education, of musical theory, of painting, and of the arts and crafts; and

Whereas its development of a four-year home reading course, to bring the "college outlook" to those unable to pursue full-time higher education, evoked a response which cut across any barriers of birth or background; and ten thousand reading circles were formed throughout the nation in answer to its bold idea with one million readers enrolling in Chautauqua's Literary and Scientific Circles which not only pioneered the development of book societies, but also the development of the literary magazine; and

Whereas the educational techniques which emerged in Chautauqua's College of Liberal Arts spread across the nation like ripples from a pebble cast into the great pool of the American commitment to knowledge, and both in its summer schools and in its extension courses, Chautauqua served as the inspiration and the example; and

Whereas the Chautauqua Assembly has illuminated the paths of ecumenicism, as have the individual Jewish, Catholic, and Protestant services; and

Whereas the Chautauqua Platform established a model for free speech and open discussion which has profoundly influenced the development of debate in America; the attendance of seven Presidents of the United States is no small measure of its importance in the intellectual life of this Nation; and

Whereas Chautauqua's role in the development of the performing arts in America is witnessed by the history of its symphony orchestra, its opera association, its music school, its amphitheater, its repertory theater and its theater school; from the stages of these great institutions have so many of the world's foremost creative artists have been developed and have sent out their message to the people of our Nation, and to the people of distant lands; and

Whereas Chautauqua itself has inspired other communities to emulate its achievements, and in so doing has passed its own name into the language of a people and into the cultural experience of a Nation: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That it is the sense of the Congress that Chautauqua Institution, that mirror of America which sends out its rays of illumination and example, and which receives back the reflection of itself in American life, should be saluted on its one hundredth anniversary.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. JAVITS. Chautauqua is a word familiar to every American. To many of us, it means an experience within our own lifetime—an experience repeated almost everywhere in America—traveling lectures and concerts.

To those of all ages, it means even more: Chautauqua is an institution on the shores of a particularly lovely and peaceful lake in western New York. While it is in my State, it is much more important that it is in America, for, in a larger sense, Chautauqua is America—or at least a clear reflection of it.

What is Chautauqua?

That question is difficult to answer briefly. I ask unanimous consent to print in the RECORD a recent article in the New York Times which gives a detailed account of that answer under the title "Chautauqua Lives!"

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

[From the New York Times, June 30, 1974]

CHAUTAUQUA LIVES!

(By S. A. Schreiner, Jr.)

You've heard of Chautauqua, of course—that traveling tent show of lecturers who brought a touch of culture to small-town America back in the days of the nickelodeon. You might even, given enough encouragement, recall that the tent show got its name from a kind of summer colony, up in southwestern New York, where old Aunt Mary spent her vacations. The associations are all past-tense.

Yet Chautauqua lives, and thrives. Not as a peripatetic tent show, but as an establishment that has all the earmarks of the ultimate resort. During its eight-week season, a resident population of 10,000 and another 50,000 casual visitors mingle on the fenced-in, 700-acre tract. Within walking distance, they can sample:

A sparkling lake for fishing and swimming . . . an 18-hole golf course and tennis courts . . . a green for bowling . . . an amphitheater with nightly open-air entertainment (including three symphony concerts a week) . . . a theater producting two operas and two plays a week . . . a summer school with daily courses for college credit . . . a 30,000-volume public library . . . eight restaurants. And more.

For Chautauqua (pronounced Shatawkwa) is not simply a place to go—it has been, since its founding just a century ago, an idea, a commitment to a way of life. It seeks, in the words of its president, Oscar E. Remick, to instill "a new sense of human dignity and worth through participation in the cultural creativity of man."

If that sounds stuffy, so be it. Chautauqua has always had a genteel, "it's-for-your-own-good" flavor, a sense of old values and traditions reinforced. There have been bows in the direction of the modern world; the season that opened yesterday, for example, will include a workshop in electronic music, with a demonstration of the Moog Synthesizer, and another workshop on transactional analysis (based on the theories of Dr. Eric Berne, author of "Games People Play").

For many, Chautauqua is a second home, unto the second and third generations, but people are always discovering the place for the first time, particularly young people. Nearly every job on the grounds—from waitress to lifeguard to gatekeeper—is held down by a college student. Moreover, some 2,000 young people are enrolled in its summer schools, affiliated with the State University of New York at Fredonia.

Chautauqua lies midway between Jamestown and Mayville, N.Y., on Route 394, about 10 miles from Lake Erie, and is accessible by car, bus, plane, or, if you're ingenious, boat. (An uncle of mine once returned to Pittsburgh from a Chautauqua vacation by canoe.) Once there, you have to buy your way in; the open-air entertainments and the institution's public facilities are free to anyone on the grounds. Adult gate tickets run from $90 for the season down to $2.25 for a specific event.

A stroll down the narrow brick path from Chautauqua's gate to the central plaza is a stroll into the past. On either side, crowded onto tiny lots, are two- and three-story gingerbread "cottages" in a turn-of-the-century style. Like the heart of a college campus, the plaza is surrounded by impressively colonnaded brick buildings which house the administrative offices, the post office, the library, the refreshment pavilion and one of Chautauqua's six large hotels. A few blocks to one side, the 6,000-seat amphitheater nestles in a natural ravine; a few blocks in the other direction is the modern opera hall and theater. A short downhill walk from the plaza leads to a manicured lakeside park graced by a square, brick bell tower whose carillon nightly lulls Chautauquans to sleep.

Narrow, twisting roads radiate out from the plaza, lined with private homes that grow progressively modern as you reach the perimeters of what Chautauquans like to call their "square mile of scenic beauty." Some 50 of them rent rooms, at rates that range upward from $35 a week. At the rambling Athenaeum Hotel, which is an authentic 19th-century relic, a room may cost $50 a day, American Plan.

Chautauqua was founded in 1874—as a summer training program for Sunday school teachers—by Methodist Bishop John Heyl Vincent and Lewis Miller, an Akron, Ohio, farm machinery manufacturer. Vincent had been licensed to preach at the early age of 17, and his golden tongue had carried him up the ladder of increasingly larger Methodist pastorates, including one in the town of Galena, Ill., where he became friendly with an obscure Army captain by the name of Ulysses S. Grant. It was a friendship that would put Fair Point, a stubby landing dock and grove of trees on the west bank of Lake Chautauqua, forever on the map.

Vincent and Miller had chosen this spot largely because it was the site of a foundering Methodist camp meeting in which Miller had some financial interest. The lake, which is 18 miles long and roughly two miles wide, narrows to a stone's throw in width at Bemus Point, a fact reflected in the most accepted translation of the Indian word "Chautauqua"—"bag tied in the middle." It lies 1,426 feet above sea level, and summers are cool; the one clear admonition to those planning to attend the first Chautauqua session, or "assembly," was: "Bring your biggest shawl."

Vincent and Miller, short on formal education themselves, included "scientific as well as theological subjects" at this first assembly. A 300-foot topographical map of Palestine was laid out to precise scale along the shore of the lake, a stand-in for the Mediterranean Sea. Despite depredations by generations of children hunting for tadpoles in the "Dead Sea," a low waterfilled pocket in the map, it has been doggedly refurbished to this day.

Nothing at the first assembly, however, touched the great event of 1875—the appearance of the President of the United States. Grant, one of the most tongue-tied men ever to occupy the White House, had good reason to accept his old friend Vincent's invitation, for it was Vincent whose oratory had saved the day when General Grant, the returning Civil War hero, could find no words for his fellow citizens of Galena. Grant's appearance on the Chautauqua platform was described by a contemporary chronicler: "The acceptance of [a Bible] by that great man, in silence, had the appearance of indifference in interest; but that great heart being too full of gratitude for utterance, silence became a higher tribute than words, and may it ever stand as a seal of humble and highest recognition."

Such conclusions about the nature of General Grant's silence may be arguable, but his visit had a lasting significance. The President's trip was given wide coverage in the international press; it made Chautauqua the place for the great to be seen and heard. Subsequently, seven American Presidents used Chautauqua as a sounding board for important pronouncements, ending with F.D.R.'s "I hate war" speech in 1936.

Thus was Chautauqua launched. And it grew apace. A systematic home study course, proved that the world was waiting for book clubs and correspondence courses. In less than seven years more than 100,000 people signed up for the home study and correspondence courses, and branches sprung up from Tokyo to London to Capetown. To meet the demand for books, a Chautauqua Press was set up, and by 1885 its catalogue listed 93 titles. As early as 1879, a Chautauqua Normal School of Languages was added to the Sunday School fare at the assembly grounds, and by 1883 the summer schools were being developed into models of their kind by the energetic William Rainey Harper who later became the first president of the University of Chicago. If imitation is the greatest form of flattery, then Chautauqua was flattered indeed. When Bishop Vincent published "The Chautauqua Movement" in 1885, he listed 31 different "Chautauquas" in nearly as many states; the tent Chautauquas came along in 1904.

Chautauqua students were appreciative. "I live on a farm," wrote one woman from the far West "and my hsband has no help except what I give him. All of the time I am not doing housework, I am obliged to drive the horse while my husband irrigates the land. I have done my readng while driving the horse for the past two months, but I cannot write while driving." For those who managed to finish the prescribed course, Bishop Vincent staged a Recognition Day at Chautauqua. Graduating scholars marched through a golden arch to the Greek-style Hall of Philosophy in a grove while bands played and children flung flowers at their feet.

By World War I, the press was gone, and the correspondence courses were retreating before a rising tide of competition from improved schools and bright commercial ventures. But the place called Chautauqua continued to grow. Its first venture into the serious arts came in 1909 when Walter Damrosch brought his New York Symphony to the grounds; by 1923, it was playing a full season under Albert Stoessel and had been transformed into the Chautauqua Symphony. Radio had muted Chautauqua's platform as a sounding board for the nation's great figures, but it spread Chautauqua's name to another generation of Americans through Sunday afternoon symphony concerts.

Chautauqua also became a training ground for young musical talent, providing both concert and classroom experience in the same place. Instrumentalists like pianist Van Cliburn learned their concert technique on Chautauqua's stage; the roster of Metropolitan Opera stars who are Chautauqua alumni includes Julius Huehn, Josephine Antoine, Annamary Dickey, Rose Bampton and Hugh Thompson; composer George Gershwin spent the summer of 1925 writing his "Concerto in F" in a Chautauqua practice shack.

Today there are some 500 buildings jammed into the area enclosed by the fence of eight-foot metal pickets that runs along Chautauqua's landward boundary. The fence makes it possible to charge one gate fee to cover all events put on by the institution. Since many take place in outdoor halls, it may be the only practical way to run the place, but down through the years the fence has given Chautauqua's critics a great deal of grist for their mills.

The fence not only shuts the world out but shuts Chautauquans in, and newcomers to the place, particularly in the early years when the gate was locked from Saturday night until Monday morning, often experienced what writer Carl Carmer once called a "hemmed in" feeling. In 1913, William James, the great American psychologist, wrote: ". . . what was my own astonishment, on emerging into the dark and wicked world again, to catch myself quite unexpectedly and involuntarily saying, "Ouf! What a relief! Now for something primordial and savage, even though it were as bad as an Armenian massacre, to set the balance straight again. This order is too tame, this culture too second-rate, this goodness too uninspiring. This human drama without a pang; this community so refined that ice-cream soda-water is the utmost offering it can make to the brute animal in man; this city simmering in the tepid lakeside sun; this atrocious harmlessness of all things—I cannot abide them!"

It is quite probable that Chautauqua's founders and the bulk of her devotees would regard such comment as complimentary. They have never been interested in feeding "the brute animal in man." Thus, for example, Chautauqua generated some of the wind behind Prohibition. The Women's Christian Temperance Union grew out of a committee of women who got together at that first tent meeting in 1874.

The pallid goodness that the worldly find so distasteful is part of what Chautauquans love. The sense of security within those gates

is rare: Nobody locks his doors; the only thefts ever reported have been cases of petty pilfering in young peoples' dormitories. Old ladies and young children are safe on the darkest streets at any hour. History records only one case of murder in Chautauqua, and it was a crime of passion: Two cooks at one of the hotels had a falling out over the affections of a maid, and one of them belted the other with a cleaver.

The absence of crime in Chautauqua owes more to a fear of God than a fear of the law, for the institution has never had any real policing power. Bishop Vincent did organize a Department of Order from "the best boys on the ground to promote the peace and quiet" of the first assembly. Their duties were to make sure that, in the words of the Assembly Herald, there would be "no giggling after ten o'clock—no chopping of wood before six," a necessary provision when people lived close together in flimsy tents. Keeping people relatively quiet, either during open-air meetings or after the evening carillon has rung, is still the chief duty of Chautauqua's guards. Otherwise the place runs on a self-discipline so remarkable that it is difficult to find so much as a discarded chewing gum wrapper to mar the pristine beauty of the lawns that carpet the lakefront and the plaza.

The absence of license does not, however, affect the Chautauquan sense of liberty. Chautauquans wander in and out of performances in the open air halls at will; if a concert doesn't please, the artist may find his crowd cut in half after intermission. Chautauquans bring their babies, their knitting, their crossword puzzles to the hall. A complaining letter in the administration's files reads in part: "I feel very keenly about the knitting situation, also tatting, crocheting, needlepoint and sewing—and even shelling peas (to say nothing of reading books, papers, and writing letters)—during lectures and concerts and recitals in the amphitheater. I change my seat to get away from the flash of needles and find myself near a tatting shuttle."

Such behavior is part and parcel of the phenomenon known as the "Chautauqua Spirit," perpetuated by a mass of traditions unique to the place. One of these is the Chautauqua salute, originated by Bishop Vincent in 1877 when he suddenly realized that a deaf lecturer could not hear the applause. Vincent suggested that the audience wave white handkerchiefs, an activity since known as "the blooming of the white lilies." The first of a long line of famous visitors to be startled by the silent tribute was Gen. James A. Garfield, during his Presidential campaign in 1880. Some doctors were startled, too, and advanced the theory that the salute was a good way of spreading germs. Today the salute is reserved for rare occasions and is given only at the signal of the platform chairman.

Gregarious Chautauquans have cemented their ties to the old place by organizing a host of clubs—Boys' Club, Girls' Club, College Club, Woman's Club, Sports Club, D.A.R., Y.W.C.A. and, of course the W.C.T.U. The most typically Chautauquan group, however, is the Bird and Tree Garden Club, which nourishes such floral touches as a planting of petunias along the lake front. Under its sponsorship, an ambitious couple by the name of George and Dora Nelms counted and identified every tree over two inches in diameter on the grounds (there are 7,034 of 69 species). The club also organized the Bat Tower Climbing and Chowder Society, dedicated to the proposition that bats keep Chautauqua free of flies and mosquitoes. It built a brand new bat tower atop one of the smaller lecture halls and stocked it with 111 nursing mothers and babies uprooted from barns around Titusville, Pa.

Chautauqua today is very much the same sort of place it has always been—a place for people who believe in going ever onward and upward. They do so, however, under a somewhat revised moral code. Back in the '80's, for example, the colony paper announced that "the great problem of dancing and card playing was decided again. Can't be allowed." Today there is a great deal of both, not to mention Sunday golf and girls in shorts strolling the plaza. And one doesn't have to look far to find a few private citizens saluting the cocktail hour on their porches.

College students and teen-agers have led Chautauqua to put on a jazz night the last several seasons. While they have led to nothing like the Newport riots, these popular offerings bring upon Chautauqua a locust swarm of young people from hundreds of miles around—anywhere from 2,000 to 5,000, including boatloads of young pirates who try to escape the gate fee by coming from the sea. The fact that these entertainers can outdraw even the symphony's pop concerts galls many old Chautauquans. Writing about the situation, a woman said: "From a profit standpoint a huge success *at the moment*, but what will the long view do to the reputation of this Chautauqua founded on Bishop Vincent's dream?"

At this writing, jazz concerts notwithstanding, the bishop's dreams seems in safe hands.

If you go to Chautauqua as a casual visitor rather than as a resident between now and the close of the summer season on Aug. 25, you can attend a wide range of performances that includes 16 operas, 21 orchestral concerts, 16 plays and guest appearances by such stars as Melba Moore, George Shearing, Chet Atkins and Dave Brubeck and sons.

The operas and plays are performed in Norton Hall and the concerts and special guest programs are held in the 6,000-seat Amphitheater. Admission to the concerts is $3.50, to the plays, $2.50, to the operas, $2.50 to $5.50 and to the special events, $4.75.

All performances in the Amphitheater start at 8:30 P.M. and the plays and operas in Norton Hall begin at 8 P.M. Operas are performed on Mondays and Fridays; plays are performed on Thursdays and Saturdays; most guest appearances are on Thursdays, and concerts are held on Tuesdays, Wednesdays and Saturdays.

Here are some of the musical highlights, with their accompanying dates:

"West Side Story," matinee on July 26 and evening performance on July 29.

"La Traviata," July 5 and 8.

"Philip Marshall," a world premiere of an opera by Seymour Barab, July 12 and 15.

"Don Giovanni," July 19 and 22.

"La Boheme," Aug. 2, 3 (matinee) and Aug. 5.

Rossini's "Cinderella," Aug. 9 and 12.

Howard Hanson's "Merry Mount," Aug. 16 and 19.

The schedule of the plays is as follows:

"A Touch of the Poet," July 11 and 13.

"Count Dracula," July 18 and 20.

"Born Yesterday," July 25 and 27.

"The Front Page," Aug. 1 and 3.

"Look Back in Anger," Aug. 8 and 10.

"The Morgan Yard," Aug. 15 and 17.

"6 Rms Riv Vu," Aug. 21 and 22.

For more information, telephone Chautauqua at (716) 357-5635.

Mr. JAVITS. For now, let me say that it is a place of learning: a place to study, a place to practice one's skills and one's ideas, a place to listen to others and to speak one's mind. It is a place of recreation: a place to play team sports, a place to develop individual talents, a place to sail, or golf, or swim—a place to do your own thing. Chautauqua is a place full of excitement yet offering a restful environment preserved for posterity by people who "use" that environment to the hilt. It is an environment of shade trees, light breezes, cobbled streets where autos are almost unknown, of hills, moss, and music.

Chautauqua was founded by Lewis Miller and the Reverend Dr. John Vincent in 1874, as a church school for Sunday school teachers. It quickly took hold and looked over its horizon, expanding its activities on every front realizing that all human experience enriches, and is enriched by, the spiritual experiences which were its genesis.

During the years that followed, Chautauqua has drawn to it people from every State in the Union as teachers, as students, as leisure visitors, as donors. It is in New York only in the narrowest sense; it belongs to all of us.

Next Tuesday, August 6, 1974, is the one hundredth anniversary of Chautauqua's founding, and I offer the joint resolution to salute that occasion.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

Mr. JAVITS. Mr. President, I wish to thank the majority and minority leaders and their assistants for their courtesy in this matter.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. President, may I ask is it the intention of the leadership to call up the transportation bill tomorrow morning?

Mr. MANSFIELD. Yes, indeed, it is our intention.

Mr. HARRY F. BYRD, JR. May I invite the majority leader's attention to the fact that the committee's report does not appear to be available. Will it be available today?

Mr. MANSFIELD. I wish to assure the Senator that I will make an effort to get the report as soon as possible. It is my understanding that this is a bill which is below the budget request. It is under the able chairmanship of the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD), the assistant majority leader, and I am sure the Senator knows he has a reputation for prudence when it comes to matters fiscal. But the Senator has a point, and I will do my best to get it to him.

Mr. HARRY F. BYRD, JR. The Senator does have that reputation. I think as a matter of policy in the huge spending bill that, perhaps, we ought to have a reasonable time to digest the report.

Mr. MANSFIELD. I could not agree with the Senator more. The Senator is absolutely correct.

Mr. HARRY F. BYRD, JR. I thank the Senator.

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## H.R. 15405—DEPARTMENT OF TRANSPORTATION APPROPRIATIONS, 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 1006, H.R. 15405, and that it be laid before the Senate and made the pending business for tomorrow.

The PRESIDING OFFICER. Without

objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

Calendar No. 1006, H.R. 15405, an act making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes.

Mr. MANSFIELD. Mr. President, it is anticipated that we will take up the Transportation Appropriations Bill tomorrow. There will be a roll call vote on final passage, at least; there may be some on amendments.

It is hoped that during that time period, before or after, it will be possible to take up the Economic Development Act which was reported out of the Committee on Public Works and about which, I understand, satisfactory arrangements have been made covering some differences.

## ADJOURNMENT TO 9 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today that it stand in adjournment until the hour of 9 tomorrow morning.

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

## ORDER FOR RECOGNITION OF SENATOR EAGLETON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent after the joint leadership has been recognized tomorrow that the distinguished Senator from Missouri (Mr. EAGLETON) be recognized for not to exceed 15 minutes.

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

## ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the distinguished assistant majority leader, the Senator from West Virginia (Mr. ROBERT C. BYRD), be recognized for not to exceed 15 minutes.

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

## NO MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, there will be no period for the conduct of morning business during that period; so, as soon as the speakers have disposed of what they have had to say, we will go immediately into consideration of the Department of Transportation appropriations bill.

## INTERVIEW OF SENATOR ROBERT C. BYRD ON TELEVISION PROGRAM "ISSUES AND ANSWERS"

Mr. MANSFIELD. Mr. President, I had the opportunity of listening to the distinguished, and seeing the distinguished, assistant majority leader, the Senator from West Virginia (Mr. ROBERT C. BYRD) in his appearance on the TV program "Issues and Answers." He was interrogated by two expert correspondents, Stephen Geer and David Schoumacher.

I believe that it furnished a primer lesson in what impeachment is and what it entails, and I found it most interesting and very worthwhile.

The Senator from West Virginia was prompt and responsive in his answers to questions. I think that what he has had to say will be of interest, and should be of interest, to all of the Members of the Senate, and I ask unanimous consent that this interview by Senator BYRD be incorporated at an appropriate point in the RECORD.

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

ISSUES AND ANSWERS

Senator ROBERT BYRD (D., W.Va.), was interviewed by: Stephen Geer, ABC news correspondent, and David Schoumacher, ABC news correspondent.

Mr. GEER. Senator Byrd, welcome to Issues and Answers.

There is a big "if" in this first question but if the House should vote to impeach President Nixon and if there is a Senate trial, you would be a judge, so I realize you may have some reluctance to answer this question, but is it your opinion now that the House will vote to impeach the President?

Senator BYRD. I would say yes. There is not an absolute certitude, but I would have to think that it will, based on recent developments.

Mr. GEER. Can you give us some idea of what the vote might be?

Senator BYRD. I have no idea.

Mr. SCHOUMACHER. Senator, have you had a chance to watch any or read any of the hearings before the Judiciary Committee and particularly their last few days of debate.

Senator BYRD. Not a great deal. I have watched as I could, but I haven't been able to watch much.

Mr. SCHOUMACHER. From what you have been able to see or from the reactions you have picked up, what do you think of the job the Judiciary Committee is doing so far? Would you agree, for instance, with the characterization of some that it is unfair; it has been a lynch mob, or would you have some other view?

Senator BYRD. I would thoroughly disagree with such characterizations. I think it has been a very fair and objective committee. I don't agree with everything that every member has said, but I think that on the whole the committee has conducted itself fairly, objectively; it has been patient; it has leaned over backward not only to be fair, but also to give the appearance of fairness and I think both the Chairman and the members of the committee are to be given high marks.

Mr. SCHOUMACHER. Well, one of the criticisms of the Republican members of the committee, in the last Friday's session, was that the President was being denied due process because the charges that were being drawn were not specific enough; they were vague, general.

Are you satisfied with at least the form of this first article of impeachment? That is, could you render a judgment on it?

Senator BYRD. I am satisfied. I could render a judgement on it. I think many people tend to forget that this is not a criminal proceedig and that it is not going to be a jury trial. The impeachment process is a different kind of proceeding, and many of the rules by which a criminal proceeding must be guided will not necessarily obtain here.

Mr. SCHOUMACHER. So you feel that for instance rules of evidence that might pertain to a normal criminal trial such as the kind that Judge Sirica and Judge Gesell have been holding, things like questions of hearsay evidence, that this is a different beast altogether?

Senator BYRD. Absolutely different. The Senate trial would not be necessarily guided by those rules. The Senate jury, if I may use that word, could not be sequestered, as can a jury in a criminal trial. Senators are always subject to hearsay evidence in the newspapers. There is no way to sequester them. So I think we must not make the colossal mistake of equating the Senate trial with the criminal trial—the impeachment process with the criminal process.

Mr. GEER. Let me go back for a moment to the House procedure and your first answer. You indicated you feel the House will vote to impeach the President. May I ask on what you base that?

Senator BYRD. I base it on a number of things. One, the Supreme Court decision, which held against the President's claim of absolute privilege.

Two, the continued "stonewalling" by the President through his lawyer in their objections to giving evidence to the House Committee.

Three, the votes that occurred in the House Committee in which six Republicans joined with Democrats, which plainly reveals that it is not a partisan approach; it is a bipartisan approach, and, additionally, the fact that four southerners were included in those 27 votes. These are among the things that I think indicate that the House will impeach.

Mr. GEER. Do you think the House impeachment process is a more political process than the Senate action?

Senator BYRD. I don't think that one can say that either is a more political process. The impeachment process is a political process. It deals with political characters; it is conducted in a political forum and it is directed toward the political acts of a political person. I wouldn't say the House would be more political than the Senate.

Mr. GEER. How far along now are you in the Senate in preparing for a possible impeachment trial?

Senator BYRD. The Senate has not anticipated, has not acted in anticipation of a House impeachment. I am searching the precedents and the rules. Other Senators may be doing the same.

Mr. GEER. Now, there is a meeting tomorrow between Mr. Mansfield and Mr. Scott in anticipation of a possible trial. You say that you are not anticipating, but to some degree you have to, don't you?

Senator BYRD. I say the Senate has not acted in anticipation. I think that each Senator must gear up, because there is increasingly a lack of doubt in my mind that the Senate will be confronted with a trial.

Mr. SCHOUMACHER. Is it time yet to draw Chief Justice Burger into the preparation process?

Senator BYRD. No.

Mr. SCHOUMACHER. What role do you foresee for him, simply to gavel the meeting to order and recess until tomorrow, or will he rule on evidence?

Senator BYRD. To begin with, of course, he will administer the oath to the various Senators who will sit as jurors. He will preside over the Senate. He will maintain decorum in the Chamber and in the galleries and he will rule on questions of evidence.

Mr. GEER. Can you tell us what will happen if there is a Senate trial, who will act as the managers? Now, I believe that the House will provide perhaps between five and eleven managers. Can you tell us just what?

Senator BYRD. The House can provide any number of managers it wishes to provide. The House will make that decision. In some impeachment cases the Speaker has appointed managers. In most of the cases, the House has selected them and undoubtedly it will in this instance.

Mr. GEER. Do you have any idea who it might be?

Senator BYRD. I do not, but I would presume that the House would likely select some of the members of the Judiciary Committee. It is not confined to that committee, of course.

Mr. GEER. Perhaps the Chairman?

Senator BYRD. Perhaps the Chairman.

Mr. GEER. Now, is it possible for the House to put staff members on the manager's panel?

Senator BYRD. That has never been done. Staff members have never acted as managers on the part of the House in any of the trials that have come to the Senate but staff members, such as Mr. Doar, Mr. Garrison, Mr. Jenner, could come to the Senate and assist the managers on the part of the House and the Senate would have to give those staff people the privileges of the floor, which I think it would.

Mr. GEER. Would all the managers have to be pro-impeachment?

Senator BYRD. All the managers would have to be pro-impeachment.

Mr. GEER. You mentioned Mr. Garrison, for example.

Senator BYRD. I wasn't thinking of him as a manager.

Mr. SCHOUMACHER. How soon do you think you would be prepared to start after a House vote? How long would you allow the President to prepare his case?

Senator BYRD. That would be a matter for the Senate to decide. In the impeachment trial of Andrew Johnson the defense counsel requested 40 days to prepare the answers to the articles. The Senate allowed ten days, including Sundays. The counsel for the President, in the Johnson trial, requested 30 days to prepare for the trial. The Senate granted five days. There is some question as to whether it was five days or six. In any event, it included a Sunday.

I think the Senate, in this instance, would be reasonable, but in being reasonable I think we have to keep in mind that the President and his counsel have had ample time already to make some preparations in the event of a trial. The President's counsel has sat in on the House Judiciary Committee hearings and so the President would be prepared to some extent already, I should think.

Mr. SCHOUMACHER. You say you have been researching this for yourself. Are you satisfied if it becomes necessary the Senate could carry this trial past the first of the year into the new Congress without going back and starting all over again?

Senator BYRD. I hope it won't go beyond the first of the year and the Democratic leadership—and I am sure the joint leadership—will do everything it possibly can to expedite the trial in a fair and objective manner and to complete it before the close of the year. But in the event it lapsed over into the next year, I have no problem with that. The Senate is a continuing body and has been so stated not only by the Senate itself, but by the Supreme Court of the United States. Additionally, the Constitution provides for two-thirds of the Senate always to be in being and a quorum in an impeachment trial is a quorum of the Senate, so the two-thirds that are always in being are a sufficient number to convict or to acquit. In addition, there is precedent—the Louderback case, and as a matter of fact I think to some extent the Pickering case—which would indicate there is good precedent for the fact that if a trial goes over into another Congress, it does not have to be started again.

Mr. GEER. Senator Byrd, one of the Members of the Judiciary Committee, Wayne Owens of Utah, is running for the Senate. It is possible, should he win, or if he did win he would be a Member of the new Senate. If the trial were to carry over into the new Senate, do you feel he should disqualify himself.

Senator BYRD. Not at all. There is no precedent, no rule by which a Member can be disqualified from voting. The Constitution doesn't in my judgment permit it, because it provides that a person who is impeached will be convicted—if he is convicted will be convicted by two-thirds of the Members present. If Wayne Ownes is there and present he is a Member. He can excuse himself if he wishes. He cannot be disqualified. As a matter of fact in the Pickering case there was a resolution introduced to disqualify three Members of the Senate who formerly had been Members of the House and who had voted on the impeachment of Judge Pickering. The resolution was ordered to lie over and never taken up, and those three former House Members voted in the Senate.

Mr. GEER. How do you feel about television coverage? There is no precedent for that, the last Presidential impeachment trial taking place in 1868, I believe. Would you favor television?

Senator BYRD. I would. I think it is imperative that there be a televised trial because I think it is imperative that the American people, who have become so polarized, so divided over this question, would in their own minds, having seen and heard as well as read about developments, would feel that the result, whatever it was, whatever the decision—acquittal or conviction—was fair and was just and was right.

Mr. GEER. Isn't there a Senate rule for impeachment which says debate must be in secret?

Senator BYRD. That has to do with debate among Senators.

Mr. GEER. Yes. If you televised, how would that be——

Senator BYRD. That part wouldn't be televised. That would be behind closed doors.

Mr. GEER. So there would be a fair amount of the proceedings that would be behind closed doors?

Senator BYRD. There would be. The proceedings in which Senators participated would be behind closed doors. A good many people feel a televised trial would be a circus. That is not the case, because the rules governing an impeachment trial are quite different from the rules that govern a committee hearing or the ordinary sessions of the Senate.

Mr. SCHOUMACHER. Senator Byrd, what about the President? You mentioned that those who bring the charges will be men who have voted for impeachment in the House. The President, of course, will be represented by counsel. Will he be present for all of the hearings? Will he testify?

Senator BYRD. The President himself may appear or he may make an appearance through his counsel. The counsel would be present during the presentation of the case by the House managers, who will open the case. The counsel for the President presents the case on behalf of the respondent, and would be present for the final arguments made by the managers of the House.

Mr. SCHOUMACHER. Now one thing the House seems to be having some trouble deciding whether it is an impeachable offense or not is this question of subpoenaes. There is an order now for the President by the Supreme Court—you mentioned that it was an important factor in your mind—to turn over tapes to the Special Prosecutor, to Judge Sirica as well, for the trial. If the House does not go after these tapes, would the Senate go after them?

Senator BYRD. The Senate could go after them. The Senate has the power to secure additional testimony and additional evidence and it may very well feel that those tapes or other tapes or other documents are necessary in order for it to come down with a clear knowledge of all the facts in order to reach a fair and objective judgment. If the Senate decides that it wants additional tapes, it can go after them and if it doesn't get them, I would think that that would sound the death knell for the President so far as some Senators are concerned—my vote being one.

Mr. SCHOUMACKER. Well, would you want to see the additional information—the Supreme Court has just held that it was relevant in the trial—the President is of course an unindicted coconspirator mentioned in the indictment of that trial. Would you want to see that evidence on those 64 taped conversations before you vote?

Senator BYRD. I may want to. I first want to see what the House charges are. We have only seen what their first article is as it has been written and voted on by the House Judiciary Committee. We don't know what the charge will look like once the House completes its work. I want to see what the charge is. If additional evidence is needed in my own judgment, I will vote to secure it.

Mr. GEER. Senator, perhaps I was neglectful earlier when I asked you to predict the outcome of the House action. Are you willing, are you ready at this point to say what the outcome of a Senate trial might be?

Senator BYRD. I cannot say what the outcome of the Senate trial would be. I would not want my answer to imply a pre-judgment. There are always those who will infer a pre-judgment. I would say this, that if the vote were to occur tomorrow in the Senate, the Senate would not convict. However, the possibilities for conviction, I think, are growing daily.

Mr. SCHOUMACKER. I was going to ask you whether the President, who is now heading back to Washington, according to some reports, to begin to prepare his strategy, can he effectively lobby the Senate on this vote or should he stay away?

Senator BYRD. It would have to be a very subtle lobbying and even then it could be counterproductive.

He ought not make the effort.

Mr. SCHOUMACHER. What if he were to appeal to the people to write to their Senators? Is that an effective lobbying method?

Senator BYRD. It may be with some Senators. However, I must say that in this one instance, I am going to be guided by the weight of the evidence, based on whatever the charge is and my construction of the impeachment clause—and not by the weight of the mail.

Mr. GEER. You said if the vote were taken tomorrow the Senate would not vote to impeach. You must have been counting some heads.

Senator BYRD. No, I have not been counting heads.

Mr. GEER. I just wondered if you had any idea how far short it would fall?

Senator BYRD. I have not the slightest idea. I am simply saying that based on developments—and I include among those the conviction of Mr. Ehrlichmann who was one of the top aides of the President; the Supreme Court decision; continued Stonewalling of the President through his counsel in refusing to give evidence to the House committee; and the vote of the House Committee yesterday on which southern conservatives and Republicans joined with Democrats to vote for an article of impeachment—I am saying that the possibilities of ultimate conviction in the Senate are growing.

Mr. GEER. As far as this whole question, and what effect Vice President Ford might have on it, we have noted some grumbling, as well as some applause, for the Vice President's current tour to drum up support for the President. What do you think of that and how effective do you think it will be?

Senator BYRD. I have no complaint against the Vice President's efforts to drum up support for the President. He is a loyal Vice President, but I do think that his categorization of the House committee members is wrong and it is an insult, an insult to those House members—not only the Democrats, but the Republicans as well.

Mr. GEER. Specifically, what characterization?

Senator BYRD. They have indicated that they are not partisan in their votes and I think that the Vice President ought to be promoting unity rather than division because, conceivably, he could become the next President of the United States.

Mr. SCHOUMACHER. You are referring to his pointing out that the Democrats voted solidly and saying that meant it was a partisan vote?

Senator BYRD. Yes. There may come a time when he will need those Democrats, and what the people need now is not division but more unity.

Mr. GEER. Since you have indicated that a House vote will be for impeachment and that, therefore, Senate trial is, if not imminent, is upcoming, do you think there is any possibility that this could be avoided by presidential resignation? Would you expect it? Would you call for it, and, if so, is there any consideration to giving amnesty to the President?

Senator BYRD. There are several questions there. Resignation of the President, of course, is up to him. If he is guilty, he ought to resign and ought to have a long time ago, but he has said repeatedly that he will not resign, so I take him at his word.

Whether he will resign in the event the House impeaches remains to be seen. Resignation in itself would not render an impeachment trial moot. The Senate could still go ahead and conduct a trial even though he resigns—that is, if the House impeaches—but I don't think it would.

I personally would hope that he would not resign. If the House impeaches, I think the President, if he feels he is not guilty, should remain in there, and the constitutional process should go to its conclusion. He should have his day in court. Senators, as jurors, should sit and weigh the evidence and try the case and render a judgment of acquittal or conviction, because only by doing this will the people of the country, and will history, feel that the constitutional process has really worked and that the President really had his chance; he had his day in court and he was not driven out of office by the media or by members of Congress, Democrats or Republicans.

Mr. GEER. If this is not too speculative a question, if the President should offer to resign, would you be willing to work out some kind of amnesty; that is, some kind of situation?

Senator BYRD. No, I would not.

Mr. GEER. You would not?

Senator BYRD. I would not. I have been one of those who, like the President, has preached law and order in my campaigns. I believe that public officials should be held to a higher standard than the private citizen, and I think that if they commit crimes they ought to be punished.

Mr. SCHOUMACHER. Senator, one of the interesting phenomenon of the House Judiciary Committee discussions and vote has been the role of southerners there. Not Republican/Democrat, but southerners, men like Flowers, Butler, Thornton and Mahon.

The President apparently, according to his aides, is banking heavily on southern support in the Senate. What is going on? You are sort of border state to southern-type Senator. What is going on in the South? Can a southerner vote for and find a President guilty on an impeachment charge?

Senator BYRD. No question about it. Southerners are high principled men, just as those who live in other parts of the country. They are strict constructionists. They believe uppermost in the Constitution, they believe in integrity in public office, and they believe that violations of law should be punished—whether in public office or in the streets.

Mr. SCHOUMACHER. So is the President making a mistake in hoping for a solid southern bloc necessarily?

Senator BYRD. I don't know that he hopes for a solid southern bloc, but if he does, those votes by those southern members on the House Judiciary Committee should dispel any thoughts that the southerners can be counted upon as a solid bloc against conviction.

Mr. SCHOUMACHER. Senator, there has been throughout the slow procedings of the House Judiciary Committee—and for a while they were quite laborious—there have been those who claimed that the White House was trying to drag out this process, trying to delay, some saying that if the President is to be impeached that will come on January 20, 1977.

There are others who say there are Democrats who would just as soon delay the process in order to have a very strong situation to run against in the '76 campaign. Is there any truth to the claim that the Democrats desire a delay in the proceedings?

Senator BYRD. No, there is no truth to that claim. To be perfectly frank, the best thing politically, in a partisan way for the Democratic party, would be for Richard Nixon to serve out the last minute of his term. But Democrats, I think, are going to face up to this matter and they are going to put the welfare of the nation ahead of the best interests of their own party, and in the final analysis the best politics is good government and I think that most Democrats will conduct themselves accordingly.

Mr. SCHOUMACHER. Another concern throughout this has been what it is doing to the country or to the Senate and to the Congress. Are we—in such a case—a fixation over Watergate and the President's troubles, that the wheels of government—to use a cliche—ground to a halt?

Senator BYRD. The wheels of the Senate have not ground to a halt. The Senate has proceeded with its program. It has a good record during the first session of the 93rd Congress and thus far this year. During an impeachment trial the wheels of legislation would not grind to a halt, because under the impeachment rules when the Senate adjourns as a court daily, it does not adjourn as a legislative body. Other work can be done. There is no question but that the Executive Branch in many areas has been paralyzed, and especially the White House. But the sooner we get this whole thing over with, the better it is going to be—not only for the President but for the country. I think it is a process that must inevitably reach its conclusion, and it has gone on too long already. It having gone this far, however, I think that the wheels of the constitutional process must grind inexorably to whatever conclusion must be reahced.

Mr. SCHOUMACHER. Senator, we have just a very few seconds remaining. I wonder whether you feel that the President's record, for instance, in foreign policy is a part of his defense, or should be, or would you consider it at all?

Senator BYRD. He has a good record in foreign policy. Sometimes I think he has spent too much time in international affairs, and domestic affairs such as those dealing with inflation have suffered. But while he must be given high credit, I think he must be judged fully on the basis of the charges, the evidence, and the construction of the impeachment clause, all other things notwithstanding.

Mr. SCHOUMACHER. Thank you, Senator.

## ORDER OF BUSINESS

Mr. EAGLETON. Mr. President, what is the pending business?

The PRESIDING OFFICER (Mr. MCCLURE). The Transportation Appropriations Act.

Mr. EAGLETON. Are there any time constraints in terms of limitations insofar as extraneous speeches are concerned?

The PRESIDING OFFICER. The time provisions on this bill pertain until 2 o'clock tomorrow.

Mr. MANSFIELD. I ask unanimous consent that if there is any restraint that it be lifted because we will not start consideration of the pending business until tomorrow, and on that basis there would be no time limitations. But I hope that the Senator has not got unsound intentions in that respect.

Mr. EAGLETON. No.

Mr. President, I ask unanimous consent that I be permitted to speak on a matter unrelated to the pending order of business, either today or tomorrow, for 10 minutes.

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

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## APPOINTMENT OF AN EMERGENCY TASK FORCE

Mr. EAGLETON. Mr. President, there is as little agreement today over the causes of our current economic traumas as there is over the means to deal with it. But if there is one thing everyone will agree on, it is the lack of leadership and the hesitancy shown in our economic policymaking. We have gone through controls, tight money, freezes, deficit spending, and full-employment surpluses; yet, just as the program changes, the situation seems to take a turn for the worse. The various problems are coming to a head now, and the voices calling out for firm direction are rising to an impassioned plea. The magnitude of the current crisis must not be underestimated.

Mr. President, the many agents and agencies of the Government—the Federal Reserve, the Congress, the regulatory agencies, the various departments—have, I think, pursued policies which they individually believe to be in the Nation's best interest. But there is a crucial lack of overall coordination among them. The diverse policies being followed conflict in some places and leave gaps in others. Rather than permit each subsystem of the economy to follow its own course, hoping that the policies of other segments will not conflict, we need a focal point to coordiate policies on an overall economywide basis.

Mr. President, I intend to introduce a resolution tomorrow that calls upon the President to appoint an emergency task force on the economy to marshall the best efforts of all sectors of the economy in dealing with our current problems. Under the terms of this joint resolution, the President would appoint four members from among the former membership of the Council of Economic

Advisers—I emphasize former members—two each from Democratic and Republican administrations. The task force members in turn would select a chairman and up to four additional members from among the many distinguished economists, business, farm and labor leaders, and members of the general public who are best able to confront these issues. The task force would report back to the Congress and the White House 30 days after its formation with recommendations for action necessary for our economic recovery.

I am concerned not only about our major problem, inflation, but also over the slump in real growth, the decline in incomes, the liquidity squeeze in our capital markets, and the near disastrous situations in the homebuilding and investment banking industries. We continue to suffer from shortages of raw materials, the commodities markets are in disarray, and the stock and bond markets are severely depressed. Our colleges and charities are unable to raise needed funds. All segments of society have suffered in one way or another, but what they do agree on is the need for a comprehensive blueprint for action. Therefore, Mr. President, the bipartisan emergency task force on the economy that I am proposing would draw up that plan.

Mr. President, my resolution raises the issues of the economy out of the realm of party politics, even beyond politics itself. What we are seeking is the very best kind of leadership—experts who are beholden only to the overriding national interest.

The business community has already expressed willingness to cooperate with such a plan for the good of the Nation. It would be my hope that Congress would unite in support of a nonpartisan effort to carry out such measures as the task force may propose, and that the President and his advisors would direct their own activities in support of such an action program. Within such a context, the Federal Reserve Board would then be able to tailor its monetary actions to promote the return of economic health.

Mr. President, the need for action is apparent, I urge the members of Congress to come together in support of this resolution. We must show the American people that the needed economic leadership is going to assert itself, and we must set an example of nonpartisan teamwork that the rest of the Nation can follow. I am confident that an immediate acceptance of this proposal provides the greatest hope for averting a true economic catastrophe and the best possibility for an orderly return to normalcy.

## QUORUM CALL

Mr. EAGLETON. 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. MONTOYA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

## AUTHORITY FOR COMMITTEE ON PUBLIC WORKS TO FILE REPORT ON S. 3641

Mr. MONTOYA. Mr. President, I ask unanimous consent that the Committee on Public Works be permitted to file a report before midnight tonight on S. 3641.

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

## QUORUM CALL

Mr. MONTOYA. 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.

## VITIATION OF ORDER FOR RECOGNITION OF SENATOR EAGLETON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unanimous consent order agreed to by the Senate on behalf of the Senator from Missouri (Mr. EAGLETON) be vitiated and that the time be allocated to me instead.

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

## ADJOURNMENT TO 9 A.M.

Mr. MANSFIELD. 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 9 a.m. tomorrow.

The motion was agreed to; and at 4:44 p.m. the Senate adjourned until tomorrow, Friday, August 2, 1974, at 9 a.m.

## CONFIRMATIONS

Executive nominations confirmed by the Senate August 1, 1974:

### MISSISSIPPI RIVER COMMISSION

Brig. Gen. Wayne S. Nichols, U.S. Army, to be a member of the Mississippi River Commission, under the provisions of section 2 of an act of Congress, approved 28 June 1879 (21 Stat. 37) (33 U.S.C. 642).

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

### IN THE AIR FORCE

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

*To be general*

Gen. Timothy F. O'Keefe, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

*To be lieutenant general*

Lt. Gen. Jay T. Robbins, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

*To be lieutenant general*

Lt. Gen. Carlos M. Talbott, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

*To be lieutenant general*

Lt. Gen. James C. Sherrill, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

*To be lieutenant general*

Lt. Gen. Glenn A. Kent, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

The following officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

*To be lieutenant general*

Maj. Gen. Charles W. Carson, Jr., [redacted] FR (major general, Regular Air Force), U.S. Air Force.

The following-named officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10, of the United States Code:

*To be lieutenant general*

Lt. Gen. Dale S. Sweat, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

The following officer, under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

*To be lieutenant general*

Maj. Gen. John J. Burns, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

### IN THE 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 major general*

Brig. Gen. John W. Vessey, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Ronald J. Fairfield, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. James A. Grimsley, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Willard W. Scott, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Marvin D. Fuller, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Julius W. Becton, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Lawrence E. Van Buskirk, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James M. Lee, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Calvert P. Benedict, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. William L. Webb, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard G. Trefry, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Bates C. Burnell, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Louis Rachmeler, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Albert R. Escola, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Lawrence M. Jones, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert W. Fye, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles R. Sniffin, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Haldane, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. John L. Gerrity, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Clay T. Buckingham, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John A. Hoefling, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Paul F. Gorman, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. John C. McWhorter, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Philip R. Feir, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Leslie R. Sears, Jr., [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Harry W. Brooks, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Michael D. Healy, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

The following-named officers for appointment in the Regular Army of the United States to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3306:

*To be brigadier general*

Brig. Gen. Bates C. Burnell, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert W. Fye, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Lawrence M. Jones, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Donald V. Rattan, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Lawrence E. Van Buskirk, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles R. Sniffin, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. John C. McWhorter, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Calvert P. Benedict, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John A. Hoefling, [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. John E. Hoover, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. John L. Gerrity, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. William L. Webb, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Louis Rachmeler, [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. Robert J. Baer, [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. Rolland V. Heiser, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Haldane, [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. Gordon J. Duquemin, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Henry E. Emerson, [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. DeWitt C. Smith, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. L. Gordon Hill, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. Stan L. McClellan, [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. John R. McGiffert II, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Alton G. Post, [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. James F. Hamlet, [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. Thomas H. Tackaberry, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Albert R. Escola, [redacted] Army of the United States, (colonel, U.S. Army).

Brig. Gen. Ronald J. Fairfield, Jr., [redacted], Army of the United States, (colonel, U.S. Army).

Brig. Gen. John W. Vessey, Jr., [redacted], Army of the United States (colonel, U.S. Army).

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

*To be lieutenant general*

Maj. Gen. Harold Arthur Kissinger, [redacted] Army of the United States (brigadier general, U.S. Army).

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

*To be lieutenant general*

Lt. Gen. Leo E. Benade, [redacted] Army of the United States (brigadier general, U.S. Army).

*In the Navy*

Vice Adm. Philip A. Beshany, U.S. Navy, for appointment to the grade of vice admiral on the retired list pursuant to title 10, United States Code, section 5233.

Vice Adm. Malcolm W. Cagle, U.S. Navy, for appointment to the grade of vice admiral on the retired list pursuant to title 10, United States Code, section 5233.

Rear Adm. Frederick C. Turner, U.S. Navy, having been designated for commands and other duties of great importance and responsibility commensurate with the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, appointment to the grade of vice admiral while so serving.

Vice Adm. Gerald E. Miller, U.S. Navy, for appointment to the grade of vice admiral on the retired list pursuant to title 10, United States Code, section 5233.

Rear Adm. Robert Y. Kaufman, U.S. Navy, having been designated for commands and other duties of great importance and responsibility commensurate with the grade of vice admiral within the contemplation of Title 10, United States Code, Section 5231, for appointment to the grade of vice admiral while so serving.

Rear Adm. James H. Doyle, Jr., U.S. Navy, having been designated for commands and other duties of great importance and responsibility commensurate with the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

IN THE AIR FORCE

Air Force nominations beginning Alfred F. Story, to be major, and ending David S. Todd, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on June 24, 1974.

Air Force nominations beginning Elmer R. Bell, to be colonel, and ending Eugene W. R. Sims, to be colonel, which nominations were received by the Senate and appeared in the Congressional Record on July 11, 1974.

Air Force nominations beginning Robert S. Ackerly, Jr., to be lieutenant colonel, and ending Monroe L. Wolff, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on July 15, 1974.

IN THE ARMY

Army nominations beginning Paul M. Adams, to be colonel, and ending William R. Dellinger, Sr., to be first lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on June 21, 1974.

Army nominations beginning Miles E. Bruce, to be colonel, and ending Wendell R. Turner, Jr., to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on June 21, 1974.

Army nominations beginning Ludvig J. Aamodt, to be lieutenant colonel, and ending Jane C. Vickery, to be major, which nominations were received by the Senate and appeared in the Congressional Record on July 8, 1974.

IN THE NAVY

Navy nominations beginning Norvelle Curry, to be captain, and ending Alexander H. Murray, to be ensign, which nominations were received by the Senate and appeared in the Congressional Record on June 24, 1974.

Navy nominations beginning Richard R. Amelon, to be ensign, and ending William A. Wells, to be ensign, which nominations were received by the Senate and appeared in the Congressional Record on July 15, 1974.

IN THE MARINE CORPS

Marine Corps nominations beginning William F. Best, to be second lieutenant, and ending Thomas J. Menendez, to be second lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on July 11, 1974.