SENATE—*Wednesday, February 26, 1975*

(Legislative day of Friday, February 21, 1975)

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. EASTLAND).

PRAYER

Chaplain Simeon Kobrinetz, Deputy Director, the Chaplain Service of the Veterans' Administration, offered the following prayer:

Almighty and Eternal God, we are grateful for the gift of life and hope. Strengthened by Thy blessings we enter with greater commitment on the paths that lie before us.

As we reflect upon our responsibilities to our Nation and its citizens, may we be guided by Thy hand and find inspiration in Thy word.

This month we have commemorated the birthdays of two great American Presidents. They have given our Nation dignity of purpose and the courage to act in times of adversity. Their commitment to the freedom of all men will continue to serve as a shield of honor—a banner of distinction.

May Thy divine providence grant us the resolve to strengthen the moral and spiritual fabric of our Nation. United in these efforts may the works of our hands bring us peace and justice, hope and freedom.

Blessed shalt Thou be when Thou comest in and blessed shalt Thou be when Thou goest forth. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Tuesday, February 25, 1975, be approved.

Mr. ALLEN. Reserving the right to object——

The PRESIDENT pro tempore. Objection is heard.

Mr. ALLEN. I believe I mentioned to the majority leader on yesterday I was hopeful that we would adjourn last evening rather than to recess, and the Senator from Alabama has expressed his disapproval of the method of having piecemeal approval of the Journal during a legislative day, and inasmuch as we are still in the same legislative day, and we did recess last night rather than adjourn as requested by the Senator from Alabama, I am constrained to object.

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.

Mr. ALLEN. Reserving the right to object, I did give notice to the distinguished majority leader on yesterday that inasmuch as he had not adjourned the Senate in recent days, preferring to recess, that I would make objection to the meeting of committees during the sessions of the Senate, and I stated that whenever the Senate was adjourned on the next day the Senator from Alabama would have no objection. He does not want to prevent the Senate committees from acting, and he would——

Mr. MANSFIELD. Mr. President, in view of a recent development, I will withdraw my request.

Mr. ALLEN. I wanted to state further, if the Senator will bear with me, the Senator from Alabama urges the distinguished majority leader to adjourn the Senate at the close of business today so that we can have no question about this. But at this time he does not object to the request.

Mr. MANSFIELD. I will not push the request at this time.

CLEAN AIR AND FUEL ECONOMY—ANOTHER CROSSROADS

Mr. MANSFIELD. Mr. President, just 3 years ago I wrote a letter to the Senator from Maine (Mr. MUSKIE) expressing concern that the intent of the Clean Air Act was in danger of being frustrated. At that time I expressed the conviction that by remaining steadfast, the Congress and the agency we created—the Environmental Protection Agency—could point the automotive companies in directions that would significantly reduce air pollution.

The Congress and the Environmental Protection Agency did, in fact, implement such action. The sequence of events that followed included the adoption of emission standards for 1975 model year cars which, while not yet achieving the degree of control required to fully protect the public health, are a big step in the right direction.

To their credit, the automotive companies have responded to our legislative directives by cutting polluting emissions in half and actually improving fuel economy by 13.5 percent over 1974 cars. There is evidence that the 1975 autos are getting better gas mileage than the 1968, or precontrolled models.

It is gratifying to see that old-fashioned American know-how still resides in Detroit. It is also gratifying to know that the Environmental Protection Agency has withstood the pressures that were brought to bear on it during the past 5 years.

Now we stand at another crossroads in this on-going struggle to restore a healthy environment. The technical problems are different this time, but the answers still must be found within the letter of the law and the intent of the Congress when it wrote into the Clean Air Act the amendments of 1970 and 1974 dealing with automotive emission.

One technical report not yet evaluated by the scientific community raises the possibilty that catalyst equipped cars will emit some sulfate. There is no convincing evidence that sulfate emissions will cause a public health problem. But, let us assume such evidence is forthcoming. There are at least two ways to eliminate sulfate emissons in current technology. Let us not cut back on the control of known poisons—hydrocarbons and carbon monoxide—to avoid a potential problem with sulfates.

Under the oversight of the Congress, the EPA and the auto industry have come a long way. The goal of clean air is in sight but we must all stay the course.

NO NEARER THE U.S. GOAL IN CAMBODIA

Mr. MANSFIELD. Mr. President, in view of the publicity surrounding the situation in Indochina, specifically the alleged need for funds in Cambodia and South Vietnam, the campaign being put on by the administration, plus the departure of Members of Congress to have a firsthand look-see at the situation in South Vietnam—I believe that Cambodia is sort of an afterthought—I ask unanimous consent that a commentary by Mr. Arnold R. Isaacs which appeared in the Baltimore Sun of February 23, 1975, entitled "No Nearer the U.S. Goal in Cambodia" be printed at this point in the RECORD.

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

NO NEARER THE U.S. GOAL IN CAMBODIA

(By Arnold R. Isaacs)

(NOTE.—Mr. Isaacs, chief of the Hong Kong Bureau of The Sun, served as a correspondent for the paper in Indochina during the American involvement there.)

PHNOM PENH, CAMBODIA.—President Ford's effort to rescue Cambodia with extra military aid is the latest chapter in an American involvement that has been enveloped from the start in controversy, official deception, false hopes and tragic miscalculations. The involvement began six years ago this month with the secret bombing of what was then still neutral territory—an act of deception that now seems symbolic of all that followed.

Since then the rationale of U.S. policy has changed with almost the regularity of the Indochina monsoons, blossoming finally into an outright commitment to prevent a Communist military victory at almost any cost short of direct American military action. About the only consistent factor in the years of American involvement has been the steady march of devastation across what had been one of Southeast Asia's most pleasant countries. Drawn into a war it did not want and was not prepared to fight, Cambodia has probably suffered more misery in shorter time than either Vietnam or Laos.

Though casualty statistics are hazy, it has been roughly estimated that the killed and wounded among civilians and soldiers on both sides have mounted to about 10 per cent of the entire population of 7 million. Of the 5 million Cambodians living in government-controlled territory, fully two-fifths are refugees. The ruined economy provides no jobs, wartime inflation has driven food prices sky-high, and with the American-backed regime of Marshal Lon Nol now com-

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pressed into less than one-fifth of the country's land area, there is virtually no chance for refugees to return to their farms.

Many more Cambodians among the 2 million in the Communist-held countryside have also been uprooted, and the latest report of Senator Edward M. Kennedy's subcommittee on refugees estimates that altogether half of all Cambodians have lost their homes in the war.

President Ford, in announcing his request for $222 million supplemental military aid appropriation, said the U.S. objective "is to restore peace and to allow the Khmer people an opportunity to decide freely who will govern them. To this end, our immediate goal in Cambodia is to facilitate an early negotiated settlement.

Now such talks are on the horizon, however, and while expanded military aid may keep the Lon Nol government afloat a while longer its position on the battlefield is so weak that there seems little incentive for the Communists to open peace talks.

Communist lines are so close to Phnom Penh that not only bomb and artillery blasts, but even the stutter of heavy machine guns can be heard during the sweltering nights. All roads to the city have been cut for the last year and the vital Mekong River lifeline, along which all civilian supplies must move, has been blocked since January 30.

President Ford's statement in his aid request was the latest in a long series of American declarations that have set ever-changing U.S. goals in Cambodia.

During the secret bombing of the Cambodian sanctuary areas used by the Vietnamese Communists, ordered by former President Nixon during his first month in office, Mr. Nixon publicly proclaimed that the U.S. was respecting Cambodian neutrality. When the bombing became a public controversy later, Mr. Nixon supported it as having been necessary to protect American troops in Vietnam, and he said Prince Norodom Sihanouk, then Cambodia's ruler, had privately sanctioned the bombing—a claim the prince later denied.

The open phase of American involvement was ushered in by the coup against the Sihanouk regime on March 18, 1970. Seven weeks later, with the hopelessly unprepared Khmer Army campaigning with naive optimism against North Vietnamese troops, Mr. Nixon sent in American units for what he called a "limited" offensive against the sanctuaries.

Not only would the operation protect Americans in Vietnam being killed by Communists operating from Cambodian bases, Mr. Nixon said, but it would also attack "the headquarters for the entire Communist military operation in South Vietnam." It was an objective that proved, like most American objectives in Cambodia in the ensuing years, to be unattainable.

Support for the new Cambodian government, headed by Marshal Lon Nol, was clearly a secondary consideration for Mr. Nixon in 1970, and when the offensive touched off wide domestic opposition, administration aides sought to give the impression the U.S. was not being saddled with yet another Indochinese client state.

Two weeks into the Cambodian invasion, William P. Rogers, then Secretary of State, said the President had authority to give the Lon Nol government a few million dollars for ammunition and some arms. He added: "Obviously any larger program would require congressional approval. I don't think we have crossed that bridge. We have no present plans to embark on that kind of program."

The Cambodian war did not go away, however, and American military aid to the hapless Cambodian Army grew to some $390 million during the first two years of the fighting.

U.S. troops were withdrawn June 30, 1970, with President Nixon proclaiming the operation had been a vast success. To get drawn into the permanent direct defense of Cambodia, Mr. Nixon said at the time, ". . . would have been inconsistent with the basic premises of our foreign policy." He did, however, authorize continued American air strikes on Cambodian territory.

Answering congressional and other critics who questioned his legal authority to commit Americans to war in Cambodia. Mr. Nixon declared he acted on the basis of the President's "constitutional right . . . to use his powers to protect American forces when they are engaged in military actions."

For the next two and a half years that remained the premise for American actions in Cambodia, and though Mr. Nixon continued to increase military aid he did not undertake any formal commitment to the defense of the Lon Nol government. The Cambodian Army, meanwhile, having entered the war in the naive expectation of receiving all the help it needed from Washington, reeled from defeat to defeat while the Lon Nol government, drenched in corruption and inefficiency, steadily lost popular backing.

During the same period of time the character of the Cambodian war changed as the North Vietnamese and Viet Cong—practicing what could have been called the Communist version of Vietnamization—trained and gradually turned over much of the combat to Khmer Communist troops.

The basis for American actions in Cambodia changed drastically with the signing in Paris of the Vietnam peace agreement, which took effect January 28, 1973.

The agreement declared no ceasefire in Cambodia or Laos. It contained an article requiring the signatories to "put an end to all military activities" in those two countries—but without saying when this should take place. On the grounds that the North Vietnamese were not honoring the agreement and were remaining in Cambodia Mr. Nixon ordered the continuation of American bombing—though the North Vietnamese might just as well have argued they did not have to leave because the Americans had not suspended military actions.

The day after the Paris agreement took effect, President Lon Nol issued a declaration that he would halt offensive operations—but said he would continue to reoccupy territory held by the enemy and would fight if he met resistance. In view of the constant defeats of his army, the proposal was clearly unrealistic, and although the Americans supported it verbally it was quickly forgotten.

In statements on the Paris peace, Henry A. Kissinger kept dropping hints that peace in Cambodia was not far off—presumably, though he never said so explicitly, as the result of an unwritten understanding between the U.S. and North Vietnam.

"We can say about Cambodia that it is our expectation that a de facto ceasefire will come into being over a period of time relevant to the execution of this agreement," Mr. Kissinger said on January 24, 1973. "Our side will take the appropriate measures to indicate that it will not attempt to change the situation by force. We have reason to believe that our position is clearly understood by all concerned parties."

The expected cease-fire did not develop, however, and in an action that has still not been fully explained the U.S. began in late March to increase the bombing to unprecedented levels. American air power was used in a manner that had been unknown even during the fiercest fighting in South Vietnam. Though the U.S. revealed few details—American correspondents in Indochina at the time were regularly told by U.S. military officials that information would be handed out only at Pacific headquarters in Honolulu—it became clear that the sortie rate of B-52 bombers and smaller tactical fighter-bombers was exceptionally high.

Not only were the levels high—the Pentagon later reported that 27,600 tactical sorties and 7,700 B-52 sorties dropped 300,000 tons of bombs during the intensified campaign—but the tactics were disturbingly different from those used previously in the war.

B-52's, for example, which had been used in South Vietnam almost entirely in unpopulated jungle areas, were carpet-bombing in heavily inhabited regions close to Phnom Penh and along major highways.

This reporter, who was in Cambodia during that period and later traveled through some of the bombed areas, saw one stretch of villages so heavily bombed that not a house was standing and hardly a blade of grass grew for five miles along Highway 4 between the capital and the town of Kompong Speu.

Though no specific figures were ever compiled, journalists and non-American military observers in Phnom Penh were virtually unanimous in the belief that there were substantial civilian casualties due to American bombing. One accidental B-52 strike hit the government-held town of Neak Leung and killed over 130 persons, most of them soldiers' dependents.

The bombing attracted surprisingly little attention at first in the U.S., which seemed convinced that the war had been ended by the Paris agreement. As the realization of events in Cambodia grew, however, congressmen and other administration critics began to question the legality of the continued air war. Mr. Nixon had justified actions in Cambodia by his right to protect American troops, the critics argued, and now that all Americans were out of Vietnam—the last troops left March 28—the bombing was no longer legal.

It took the administration some weeks to come up with an answer, but on April 30 it produced a legal memorandum describing the bombing as "a meaningful interim action to bring about compliance" with the Paris agreement—in other words, as Secretary Rog-rs said, to force Hanoi to honor Article 20 and withdraw from Cambodia. The memorandum said the bombing strikes "do not represent commitment by the U.S. to the defense of Cambodia as such." The argument did not deal with the fact that the insurgent forces were already predominantly Cambodian.

As months passed with no sign of an end to the Cambodian conflict, Congress debated—and on August 1 passed—legislation ordering an end to the bombing—the first time it had ever acted to stop military action. During the debate the administration floated stories that delicate negotiations were under way. But the stories were never confirmed by any other sources and the negotiations never materialized.

Mr. Nixon, adamant to the end, warned Congress 12 days before the cutoff that it would undermine the prospects for peace talks. But when the deadline came he observed it, declaring at the same time that military aid to Marshal Lon Nol would continue. It was only after the bombing halt that the Paris agreement rationale—in which American actions in Cambodia were explained as directed toward North Vietnam—was finally dropped, and Washington began describing its policy as one of holding the weak Cambodian government together while awaiting peace talks.

American aid—not counting the cost of the 1973 bombing—had risen to more than $600 million a year when Mr. Nixon declared February 2, 1974, that the U.S. would provide "maximum possible assistance" to the Cambodian government.

"I am confident that under young vigorous leadership and that of your government, the Republic will succeed in these endeavors," Mr. Nixon wrote Marshal Lon Nol—a fulsome note that must have come as something of a surprise to American diplomats in Phnom Penh who had long since concluded the marshal was much more liability than an asset.

After five years of shifts and changes, The Americans had finally committed themselves to defending the Lon Nol government. A year later President Ford had reaffirmed the commitment—but the chances of reaching the American goal seem as slim as ever.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Does the acting minority leader desire to be heard?

Mr. DOMENICI. Mr. President, I yield my time.

The PRESIDENT pro tempore. Under the previous order, the Senator from New Mexico, Mr. BELLMON, is recognized for not to exceed 15 minutes.

Mr. DOMENICI. Mr. President——

Mr. BELLMON. I have been promoted. I appreciate that.

Mr. DOMENICI. As much as I would like to claim the Senator from Oklahoma, he is not from New Mexico, and I would like the record corrected.

The PRESIDENT pro tempore. That was a slip of the tongue.

The Senator from Oklahoma (Mr. BELLMON).

Mr. BELLMON. Thank you, Mr. President. I yield 30 seconds to the Senator from Kansas.

PRIVILEGES OF THE FLOOR—SENATE RESOLUTION 4

Mr. PEARSON. Mr. President, I ask unanimous consent that a member of my staff, Mr. Arthur Hill, be allowed the privilege of the floor during the debate and votes on Senate Resolution 4.

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

THE MIDDLE EAST

Mr. BELLMON. Mr. President, almost 5 years ago I made a statement on the Senate floor calling attention to certain aspects of the developing crisis in the Middle East, hoping that by doing so a more balanced debate on the situation would result. My remarks were precipitated by the decision of 74 Members of the U.S. Senate to urge the President to allow the immediate sale of additional planes to Israel. I rose to question the feeling that seeking a military answer in the Arab-Israel conflict was in the long-range interest of any of the countries concerned, including the United States.

Today I renew my call for a more even-handed American posture—and heartily applaud the efforts of our distinguished Secretary of State, Henry Kissinger, to break an impasse in the disengagement negotiations between Egypt, Israel, and Syria.

The Secretary of State has just returned from a 10-day tour of the Middle East and Europe. He has returned with heartening news, expressing confidence the momentum has been revived to achieve success in the step-by-step apapproach to settlement of differences between the Arabs and Israelis.

I, for one, strongly support this continuing initiative by Secretary Kissinger, and want the record to show my fervent wishes for the success of his efforts in the interest of peace, and in our Nation's interest.

In 2 weeks the diplomatic genius of Secretary Kissinger will be further tested when he returns to Middle East capitals for a further round of talks with Arab and Israeli leaders. I wish him well in his endeavors. I am confident Secretary Kissinger's credibility will serve again as it has in the past as an adequate conduit for constructive communication.

The Secretary remains convinced that a step-by-step approach to the problem is more likely than any other to achieve results. Some critics maintain that the step-by-step approach is too slow; that what is needed now is a full-blown conference of all the interested parties to achieve a comprehensive settlement of all issues. Other critics advocate in effect the halting of constructive endeavors to bring the parties closer.

I think both these categories of criticism are unhelpful to the Secretary in his delicate role as a catalyst between the antagonists in the Arab-Israeli dispute.

On the record, the facts bear out Dr. Kissingers viewpoint. Although the negotiations leading to the cease-fire agreements between Israel and Egypt and between Israel and Syria were difficult, the results have been dramatically effective.

There have been no significant violations of those agreements by either side. It is clear that tensions between the participants have lessened, and that mutual trust and confidence have grown. Thus, those steps already taken have been productive. It is now time to move to the next steps.

This is why I support the present initiative of the Secretary of State—and why I feel his present endeavors are so important for the peace and progress of much of the world. His negotiations must succeed.

Dr. Kissinger's approach seems to me to be eminently logical and practical. In the first place, the step-by-step approach allows each side to take politically manageable steps one or two at a time. It allows each side to test the intentions of the other side while avoiding risks which are regarded as unacceptable at the time.

It allows each side to demonstrate to its supporters that it can reasonably expect to obtain further benefits as other steps are taken. With each step, perceptions on both sides change, thus creating new perceptions and permitting additional steps that perhaps seemed impossible only months before.

Moreover, as each step is taken, each side gains a better understanding of the political necessities of life for the other side. The serious discussion of the issues involved, and the stress laid by each side on elements important to it, enhance the mutual, realistic awareness that is so vital to the peaceful resolution of conflict situations.

Another virtue of Dr. Kissinger's step-by-step approach is that it allows the negotiators to deal with the more easily resolved issues first, setting aside more complex issues until the process produces sufficient mutual confidence.

In his efforts to establish mutual confidence, the Secretary was pointedly candid in his emphasis to both sides that the situation in Washington has changed. And no wonder. The mood of the country has changed markedly since the 6-day war of June 1967.

In June of 1967, war was believed to have settled the issue once and for all. In the aftermath of the Israeli's 6-day victory, there was euphoria generated by the belief that the Arabs had finally been convinced of the futility of armed confrontation with Israel, and that the Arabs would thereafter reluctantly accept the reality of Israel.

But it did not happen that way—and now, almost 8 years later—I sense our country, deeply concerned with energy-related economic problems at home, is impatient for a more evenhanded attitude toward Arabs and Israelis. Thank Heaven, for the hour is late and the stakes are high.

Explosion of a fifth war in that tragic area could spell a new and tougher oil squeeze, widespread financial chaos and the most serious threat to world peace in decades. It is only to be expected that recent opinion samplings have revealed a substantial majority of Americans are opposed to the United States selling arms to either Israelis or Arabs.

Mr. President, at this point I ask unanimous consent that a recent survey of American opinion on the Middle East in Time magazine be inserted in the RECORD.

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

A TIME SURVEY: UNITED STATES AND ISRAEL

Essential to any Middle East peace deal is U.S. support, or lack of support, for Israel and possible American willingness to guarantee a settlement. These questions were explored in an opinion survey completed last week for TIME by Yankelovich, Skelly & White Inc. Some of the results based on a national probability sample of 1,046 adults:

Regarding support for Israel, 41% favor a cutback in military aid, while 37% think it should continue at present levels, and 8% would increase it. National sentiment, according to these results, has scarcely changed in the past year. But 63% of those surveyed believe that the U.S. should not sell arms to either Israelis or Arabs.

By a margin of 52% to 35%, with 13% uncertain, they oppose any formal treaty pledging the U.S. to support Israel with arms and troops in case of attack. In light of the lessening U.S. enthusiasm for foreign aid and involvement, the minority figure is impressive. A majority of 53% are also opposed to stationing a permanent U.S. peacekeeping force in the Middle East while a hefty 41% are willing and 6% are unsure. Of those who oppose such a move, 16% would change their minds if Soviet troops

were also part of any major-power peacekeeping effort.

What should the U.S. do to break the monopoly of oil-producing nations? Of those interviewed, 41% favor an embargo on U.S. food sales to these countries, while 46% oppose the idea. An evenly divided number—44%—favor and oppose U.S. refusal to buy oil overseas, even if such a reduction means hardship at home. An overwhelming 81% of respondents are opposed to any U.S. military takeover of the oilfields.

Mr. BELLMON. Mr. President, much has happened since June 1970, when I took the floor of the Senate favoring an evenhanded policy in the Middle East, My concern then, as it is now, was that our Nation—which committed itself to a tragic gamble on the side of war in Southeast Asia—not repeat that mistake in the Middle East. Instead, I urged then as now that this time we take a chance on the side of peace.

The dispute between the Arab nations and the State of Israel over Palestine has embroiled that area of the world in military turmoil for more than 25 years, resulting in great loss of life and property, causing economic stagnation because of the heavy expenditures for defense, postponing the economic and social development vital to the region's peoples, adding to world tension and creating in its course deepseated but not insurmountable animosities.

It is this animosity which challenges the diplomatic skill of Dr. Kissinger in the Middle East. It is this deepseated animosity which other leaders of our Government must keep in mind in dealing with Middle East issues.

Even though the United States has directed its efforts toward finding a peaceful settlement of this vexing and complex problem and has engaged in a series of discussions with the major powers and with the parties to the conflict, I feel that it is imperative that the Members of Congress now support our Secretary of State to the end that he may exert all of the means at our disposal in bringing this dispute to a just settlement.

It is necessary that the United States keep open all lines of communication with all of the interested and involved nations. It serves the purpose of no one by reducing contacts or by turning a deaf ear to the entreaties and legitimate complaints of the Arabs or the Israelis—and no peace will be found among nations whose leaders have closed minds. This country cannot afford the luxury of becoming irrevocably locked into the cause of only one side in this long-festering dispute.

Our country is morally committed to assuring the survival of Israel. At the same time, our American populace, yearning for peace in the Middle East and prosperity at home, is leaning more than ever toward a policy of compromise rather than confrontation.

Now is the time to move toward a lasting Middle East agreement, one which both sides can live with. Present leaders of the Arab world are far more moderate and more able to make concrete peace agreements than the next generation of Arab leaders is likely to be. The acts of Egyptian President Anwar Sadat, for example, have shown that he is for peace. We must seize this opportunity and help President Sadat and other Arab and Israeli leaders find that peace.

Israel must realize that another war, regardless of the damage it may cause to the Arabs, will not bring tranquility and peace, that greater destruction wrought on Arab States will bring greater hatred and sow the seeds for further conflict.

The Arabs, on the other hand, must realize that Israel has a right to exist and that neither the United States nor any other responsible country in the world would be prepared to relinquish its moral obligations to maintain the independence and existence of Israel.

In the interest of peace, the leaders of the belligerent countries must act to dispel long-held illusions and arrive at a settlement of the conflict which has troubled the Middle East for so long. This Nation can help with a vigorous pursuit of a settlement—which is what Secretary Kissinger has undertaken.

It is with optimism that I observe this country coming to a crossroads in Middle East relations—and in the name of peace and prosperity, I am confident we will seek an evenhanded solution to the problem of achieving a lasting settlement.

Mr. President, I sincerely urge all Members of the Congress to support Secretary Kissinger in his quest for peace in the Middle East. The peace and prosperity of much of the world depends upon the leadership which only the United States can provide at this time.

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

Mr. BELLMON. I yield to the majority leader.

Mr. MANSFIELD. Mr. President, I want to say that I am in full accord with what the distinguished Senator from Oklahoma has said relative to the efforts of the Secretary of State Kissinger in the Middle East. While I disagree completely and unequivocably with the administration's position about additional funds for South Vietnam and Cambodia, I agree unequivocally with the efforts being made by our Secretary of State who is walking through mine fields in the Middle East, who has made some progress on the basis of his visit this month and who, hopefully, will make greater progress, though the course will be more difficult, on his return to the Middle East in March.

Also, while I have always been against intervention in the Indochinese area, because I felt we had no business there and that our well-being and security were not involved, I would be equally against intervention in the Middle East, because confrontation is not the answer. Neither is the answer in the issuing of statements which can be delineated in a way which indicates that we are looking forward under certain circumstances to such an event happening.

May I say that I also agree with the Secretary of State insofar as his recommendations toward Turkey are concerned because I believe there, he is on the right track. If something is not done to alleviate the situation, not only will we lose Turkey, but also Turkey may well become more involved in the affairs of the Middle East in the future.

If that occurs it would be a happening of the greatest significance. I am not talking about Turkey being at the lower end of NATO, where she is needed, but that also is a possibility. Perhaps at the same time, if a shift away from us occurs, a shift toward the Soviet Union will result.

Furthermore, I think it is in the interest of Greece to see the realities of this situation, and to recognize what the possibilities are insofar as its own interest, welfare, and future are concerned.

I just want to indicate to the distinguished Senator, whom I commend for taking the floor this morning, that while I disagree very vigorously with the Secretary of State, the President, and the administration in certain areas such as Indochina, I do agree with the steps being taken in the Middle East to try and bring about a settlement, if possible, between the Arabs and the Israelis. I do agree with the Secretary of State on his China policy, and the President's, may I say, and I do agree with both of them on their attitude toward the Greek-Turkish-Cypriot situation.

I commend the distinguished Senator for making his statement this morning. I want to assure him that in the areas which he has covered under the outlines which I have stated, I intend to give my full and complete support to the Secretary of State in the areas which were covered, which does not include all the areas in the world.

Mr. DOMENICI. Will the Senator yield?

The PRESIDING OFFICER (Mr. LEAHY). The time of the distinguished Senator from Oklahoma has expired.

Mr. MANSFIELD. Are we under a controlled time now?

The PRESIDING OFFICER. We are.

Mr. MANSFIELD. Mr. President, if the Senator from Indiana would allow me, I would ask him to yield not to exceed 5 minutes to the distinguished Senator from Oklahoma.

Mr. HARTKE. I yield.

Mr. BELLMON. Mr. President, I thank the distinguished majority leader for yielding time. Let me say in response to the statements of the majority leader that his expression of support for the efforts of the Secretary of State in the Middle East will be immensely valuable to Dr. Kissinger as he undertakes this difficult period of negotiations. I feel, as the majority leader has said and as I tried to say in my statement, that the answer in the Middle East is not confrontation but negotiation. I believe that in the Secretary we have a man who has proven his ability in this area. I believe we now have in the country an attitude that will make his negotiations more possible of success. I really appreciate the comments that the majority leader has made this morning.

Mr. DOMENICI. Will the Senator yield?

Mr. BELLMON. I yield to the Senator from New Mexico.

Mr. DOMENICI. I, too, want to commend the Senator from Oklahoma for his superb remarks with reference to the Middle East, especially those which call attention to the fact that the role of America there certainly is as a peacemaker. I think it is timely that the Senator from Oklahoma brings this matter to the Senate. I think it is also fortunate that the majority leader was present, heard the remarks, and so eloquently expressed his support for the efforts of our distinguished Secretary of State with reference to the Middle East. I believe the Senator should be commended for doing this at this time.

Everyone should know this is one of the real trouble spots of the world, not only because of its historic confrontation as an arena of confrontation, but also because of all the other new economic conditions that center around it.

I want to join the majority leader in commending the Senator for bringing it to the attention of the Senate and thus to our people, encouraging support for the role of our Secretary in the negotiating efforts in the Middle East.

Mr. BELLMON. I thank the distinguished Senator from New Mexico very much for his comments.

REGIONAL RAIL REORGANIZATION ACT AMENDMENTS OF 1975

The Senate resumed the consideration of the bill (S. 281) to amend the Regional Rail Reorganization Act of 1973 to increase the financial assistance available under section 213 and section 215, and for other purposes.

The PRESIDING OFFICER. Under the previous agreement the Senate now begins 1 hour of debate before the Senate votes to whether to invoke cloture on a motion to agree to the House amendment to S. 281, the time to be equally divided and controlled by the Senator from Indiana and the Senator from Connecticut.

Mr. HARTKE. Mr. President, last Friday after debate on this measure, I moved to accept the House amendment to the bill that the Senate passed on January 29, S. 281. Because the merits of this measure were thoroughly discussed by the Senate on January 28 and 29, and again last Friday, I really have little more to say. Previous debate has fully explained to the Members of the Senate what is involved in this legislation and the reasons why I moved to accept the House amendments and why cloture must be invoked to pass this critical measure.

At this point, the issue is relatively simple. The additional interim assistance authorized in S. 281 is required in order to allow the bankrupt rail carriers in the Midwest and Northeast to continue operations beyond this week. While I could go on to explain how this legislation is designed to increase critically needed maintenance while assuring that the improvements financed will not be paid for twice when the properties are transferred pursuant to the final system plan for the reorganization of these railroads 1 year from now, I believe that the previous debate on these matters has fully explained the merits of the legislation. All that the Senate needs to decide today is whether it wants to continue essential rail operations in the Northeast and Midwest—in an area that contains 42 percent of the entire population of the United States—or whether it would rather continue to debate the issues surrounding Senate Resolution No. 4.

I would like to emphasize the fact that a shutdown of the rail transportation system in the Northeast and Midwest would affect every State in the Union. The railroads involved employ directly more than 100,000 workers. The Penn Central alone operates in 16 States, the District of Columbia, and two Canadian Provinces. The area served by this carrier includes 55 percent of the Nation's manufacturing plants and 60 percent of the manufacturing employees. More than 1 million tons of freight and more than 300,000 passengers move on Penn Central track every 24 hours. More than 20 percent of all freight cars loaded in the United States pass over Penn Central trackage. The Nation's railroads all interconnect, and a shutdown in the Northeast would affect shippers even on the west coast. There are simply not enough barges and trucks in the United States to handle the freight needs of the Northeast and Midwest, even if the material could be diverted to other modes of traffic—and some of it simply cannot move by any other means. In addition, the Penn Central alone provides service to more than 50 U.S. military installations in the Northeast and Midwest.

The Interstate Commerce Commission estimates that a complete and abrupt shutdown of Penn Central would result in a 5.2-percent decrease in the rate of economic activity in the region, and a 4-percent decrease in the rest of the Nation. An 8-week shutdown would cause the gross national product to fall at a rate approaching 10 percent. The effects of a shutdown in many States outside the region are illustrated by the following facts:

North Dakota shipped 3,000 carloads over the Penn Central in 1974.

Georgia shipped 115,000 cars over the Penn Central in 1974.

Kansas shipped 30,000 cars over the Penn Central in 1974.

Idaho shipped 13,500 cars over the Penn Central in 1974.

Iowa shipped 53,000 cars over the Penn Central.

New Hampshire shipped 26,000 cars over the Penn Central.

Oregon shipped 38,000 cars over the Penn Central.

Vermont shipped 19,000 cars over the Penn Central.

Wisconsin shipped 93,000 cars over the Penn Central.

That illustrates what I am talking about—that the whole interconnecting system involving the Penn Central would affect the entire Nation.

Mr. President, I hope that my colleagues here are beginning to gain an appreciation why the Senate Commerce Committee adopted and is recommending to the Senate the cheapest possible solution to the current crisis. If any Member of this body can suggest a solution more in harmony with the public interest, I would be more than happy to abandon this legislation and adopt such an approach. Frankly, I do not believe that is possible.

There was some discussion on the floor during this past week over the need to have a long range comprehensive approach. I hope that the Members of the Senate are aware that the U.S. Railway Association today released the preliminary system plan, and that this plan represents such a long-range comprehensive approach. The Regional Rail Reorganization Act, approved by this body late in the 1st session of the 93d Congress, created the U.S. Railway Association, the planning and financing agency which was designed to create a plan for a new rail system in the region. Hearings will now be held on this preliminary plan, and the final plan will be submitted to Congress for approval in late July of this year.

This comprehensive plan will hopefully produce a healthy rail system in the Midwest and Northeast so that the Members of this body will not have to consider more interim legislation such as the measure presently before us. I would like to emphasize, however, that this is not the last time that I will be coming before the Senate requesting additional assistance to maintain an adequate transportation system in the United States.

I believe I have stated to the Senate previously some of the estimates for rehabilitation that have been made. I am pleased to report that the recently released preliminary system plan is hopeful for the possibility of financing rehabilitation solely through the use of guaranteed loans, which would not require substantial direct Federal outlays, at least for the creation of a viable freight system in the region. Substantial Federal outlays probably will be required, however, to fully implement the goals of the Regional Rail Reorganization Act and the Members of the Senate should be on notice that they will be called to authorize significant Federal expenditures in order to bring our rail transportation system up to a reasonable standard. Not only will the rehabilitation costs in the region be substantial, but the sickness in our rail transportation system which is so evident in the Northeast and Midwest is by no means limited to these regions.

I will not at all be surprised if a substantial number of railroads outside the region enter bankruptcy proceedings in the not too distant future; Congress may well be forced to take a national perspective in dealing with rail transportation problems. Both the need for substantial expenditures on rehabilitation in the

Northeast and Midwest and the prospect of further railroad failures elsewhere in the Nation indicates the need for some basic policy changes in the area of transportation and I am hopeful that the work of the Senate Commerce Committee on these needed policy changes will bear fruit during this coming year.

Mr. President, I do not believe it necessary to further explain to the Members of the Senate the economic consequences of failure to pass the legislation before us. If cloture is not invoked and this legislation is not passed, the United States of America will be facing a depression that will make our current economic situation look very attractive.

I hope that every Member of this body who is considering casting a no vote today gives serious thought to the real world consequences such a vote could mean.

I also hope that some Senators who do not feel that they can bring themselves to support this measure will at least support the cloture motion. I think everyone recognizes at this point that the Penn Central matter is a substantive issue, not a procedural question, which must be dealt with at this time. I am hopeful we can proceed to the pending business and have a final vote on this measure.

I hope we can proceed with the cloture motion successfully and that we can have a vote immediately thereafter, without any prolonged debate, upon the matter of the substantive legislation itself.

I also invite the attention of the Senate to the fact that another matter will have to be taken up after this vote, and that is the appropriation for this authorizing legislation. I hope that we are not involved in a delay in that matter, because both measures are absolutely necessary before the matter is resolved.

The Transportation Appropriations Subcommittee, under the chairmanship of my distinguished colleague from Indiana, has reported the appropriation favorably to the full committee. Senator McCLELLAN has favorably reported the measure to the floor. So all that is necessary is to go ahead and approve this measure, which has already been passed by the House of Representatives and is awaiting action here. In other words, we would like now an opportunity to get the job done.

The PRESIDING OFFICER (Mr. GARY W. HART). The Chair recognizes the Senator from Connecticut.

Mr. WEICKER. Mr. President, I will address myself for a few moments to the subject matter before the Senate.

First, I thank my distinguished colleague, Senator HARTKE, for sticking with this matter in the way he has, with both patience and expertise. Neither he nor I like to have it said that we are bailing out the Penn Central Railroad or that this particular type of vehicle satisfies our philosophical needs or, indeed, our approaches toward the crisis existing in the rail industry today.

As I said before, we are simply trying to clear away the debris that has been placed on the scene by a combination of forces, the highlights of which probably would be the mismanagement of the Penn Central which had been a viable operation; the inaction of the ICC; the failure of the executive branch and the legislative branch to develop a national transportation policy; the policy of the railroad industry, itself, to recognize problems in the future and fail to attack them in a voluntary way.

This is what has brought us to the present situation. It is not our desire to reward any of the actors of that drama but, rather, to preserve the innocent from further economic damage. In that category, I would place the employees of the Penn Central and the employees of the railroads which connect into the Penn Central. I would also place in that category of the innocent those whose jobs depend upon the materials delivered by the Penn Central. In other words, it encompasses a broad spectrum of the economy.

We are not here pleading the cause of either the stockholders or the creditors or those in management who ripped off the Penn Central—not at all. As I have indicated before, the history of mismanagement there is one deserving not of congressional assistance but, rather, of a free trip to the pokey.

It would, indeed, be derelict, I think, if the U.S. Senate, the House, and the President disregarded this clear threat to an already wobbly economy.

Some indicate that there seems to be a similarity between this type of operation and, let us say, the Lockheed loan, which I opposed vigorously. As a matter of fact I, together with Senators PROXMIRE and TAFT, conducted an extended debate on that matter. There is no comparison. In the Lockheed case, it was a private corporation which expected to stay in business, which was not in bankruptcy; and the purpose was to loan money which was to further their corporate interests and the interests of their shareholders and creditors—which moneys were being used, I might add, to buy products from without the United States which were readily available within the United States. There is no comparison between the two.

I serve notice right now that if any American corporation falls on its backside, then we should recognize that that is what the free enterprise system is all about. It is not a guarantee of success. It also envisages failure. It would not be my intent, except where the public interest demands—a broad public interest outside the corporate interest—to plead for any such loans or guarantees for any American corporation. Rather, we desire to clear off the debris and hopefully lead into the creation of a balanced transportation system.

Mr. President, the events of the past several days include the Penn Central debate, the unveiling of the Midwest-Northeast rail reorganization plan of USRA today, the facts developed in the debate, which show that even our strongest, healthiest railroads could have a great deal of difficulty in the future. They now earn the lowest return on investment of any situation within the free enterprise system, so trouble is spelled ahead very clearly. That fact was definitely brought out in the debate. In addition, the fact that, as I understand it, there are other railroads that are close to a fate similar to that of the Penn Central, this has led me to the following conclusion, and I would like to state it rather broadly here, with the idea that I intend to pursue it more specifically with the development of legislation in the months ahead.

I cannot, in all conscience, continue to support Federal moneys being expended in order to cover expenses or subsidizing operating deficits. It is not my desire to see a total nationalization of our rail system, because, indeed, there are still very healthy aspects to the railroad industry, and why destroy them? But it must be clear by now that we have to develop a viable rail transportation system that encompasses both passengers and freight—this is not the case today—and that if indeed we are to achieve our maximum capability and mobility, it has to be done tomorrow.

I would suggest to my colleagues a plan whereby the Federal Government would take over the roadbeds and the trackage—all of the roadbeds and all of the trackage in the United States—and would be responsible for its maintenance and its improvement, and that would be the Federal contribution, period.

In doing that, the Federal Government would also be able to set the standards of safety and service. Clearly this, then, would be a boon to those railroads that are viable, ongoing businesses, and which I would hope would remain in the private sector, but it would also, then, enable others to contract with the Federal Government, be they State transportation authorities or be it some entrepreneur, to develop passenger and freight service in those areas not covered by existing lines. Additionally, it would free this body from accepting deficits and subsidizing those deficits for decades ahead.

Mr. President, what is more important to me, I think to Congress, and I think to the American people, is not the specific issue of the past as represented in the Penn Central loans, but the promise of better things ahead. At the present time, the passenger aspects of intercity rail transportation are covered by Amtrak, but, in essence, Amtrak is running the same trains over the same routes in the same way. All that can result from that is the same deficits, except this time they will not be deficits picked up by private enterprise, but are the deficits we already know, that are thrown into the laps of the American people.

Why, then, should not the money, so far as Amtrak is concerned, go into research and development and capital improvements, in order to break that cycle?

Obviously, any type of rail service in the United States is not going to make a great deal of money, but at least we can avoid the type of horrendous deficits we are confronted with here today. But we cannot do it as long as all that our

innovation and creativity consists of is coming in and asking for money, money to cover the past. New ideas are needed, new equipment is needed, new roadbeds are needed, and as long as we are willing to appropriate moneys, based on operating deficits, for capital improvements, research and development, I think we can create that portion of the transportation system that relates to the passenger and do it excellently.

Now, insofar as the Midwest and the Northeast are concerned, and the CONRAIL plan, again here the difficulty lies in the prospect of continuing money having to be appropriated by Congress to cover deficits. The continual political pressures that are going to be exerted as to where rail lines should go—and there is not one Member of this body who does not feel them; as soon as that plan was unveiled, we started to catch it in the neck. Everybody wants rail service, every little line is going to have to be kept right in place, and nothing is going to change regarding deficits except that this time the taxpayers will be responsible for them.

Why not put the Federal Government in the same position relative to rail service that the Federal Government is in with regard to highways? The Federal Government builds highways. Those highways are used by private enterprise and by private individuals, yet they pay a share, too, to make sure of its upkeep and its maintenance.

Why not apply the same rule to rails? Why not make it a clearly defined undertaking insofar as Federal assistance is concerned, specifically the maintenance, the upkeep, and the improvement of the roadbeds, so that those railroads that are viable understand where they stand, and Congress will understand what its commitment is, and we thus avoid the concept of total nationalization, and achieve a degree of flexibility within the free enterprise system?

Indeed, if the demand is there, truly, then it will so be reflected by those who wish to run over that particular section of trackage, be it a transportation authority of a State or a private entity or individual who cares to run the service.

I just mention these random thoughts in a general way, because I think it only fair that if we ask the taxpayers of this country to give their money to keeping the economy whole, at least insofar as railroad operations affect the economy, we do offer to them the promise of something better. We are tinkering around. There is a lot of good in Amtrak. There is some good in the report issued by USRA; there is some good in the Con-Rail concept. But I think it is time that we got our act together.

So, Mr. President, my plea today does not so much relate to this legislation. I think that has been well gone over in the debate of the last several days. But it tries to focus on what I feel our obligations to be for the future.

Here we are, the strongest nation in the world, the most affluent, replete with the greatest talent technologically and scientifically, and yet we probably rank at the bottom of the list when it comes to our rail systems. I hope that our efforts will very clearly be directed not any more at operating deficits, although there will undoubtedly be some additional requests—we have made that clear—but on a total plan as it relates to rail service.

One last comment: I want to reiterate that over the past several years, people have talked about millions of dollars as it relates to Penn Central. Senator HARTKE and I have made it clear that in order to achieve a good rail transportation system, we are talking about billions and we are not trying to fool our colleagues on that point. And yes, these figures seem staggering within the course of one particular year. But I have to point out that it has been, now, a matter of some almost 25 years when only about one-half of 1 percent of the Federal transportation dollar went to our rail systems. So if we have nothing, it is because we have spent nothing. Even though this seems like a large amount in this year, when we compare the total amount, I would say probably in the last—I am just going off the top of my head, extrapolating figures in the last several years—I imagine that in the last 20 years, the Federal commitment has only been several billion dollars—over 25 years I am talking about—whereas the highway commitment has been $4, $5, and $6 billion every year.

I am all for that commitment; I do not object to it. But, please, let us not show this great shock and surprise and amazement as to these amounts of money that are now being requested. What I am saying is I would rather spend more money now to assure that we have the system capable of making our people mobile, rather than having to live with the past and, indeed, have the money go down a rathole. And I think, quite frankly, at, least by my interpretation of the facts and the events, that is exactly what this bill is about. I do not portray it any other way to you.

For one who dreams of great rail systems in this country, this is money down the rathole. It covers the past. Let us now proceed to consider the future.

Mr. PEARSON. Will the Senator yield?

Mr. WEICKER. I yield to the distinguished Senator from Kansas.

Mr. PEARSON. Mr. President, I wish to congratulate the distinguished Senator from Connecticut on his statement. What I have to say will be largely repetitious of the point he has developed so well.

I think there is a continuing misunderstanding of the basic issues involved in this legislation today. The facts are simple enough; but in their totality, they have become quite complicated. The situation today is that there are eight class I railroads in the northeastern part of the United States that are in bankruptcy. It has been determined that six of these railroads cannot even be recognized under section 77 of the Bankruptcy Act.

In response to that situation, and in response to a national rail need, a national economic need, and a national security need, Congress last year passed the Regional Rail Reorganization Act. As a matter of fact, just today, the preliminary system plan pursuant to that act was issued. That report, in very general terms, recommends that some 6,200 miles of rail line be abandoned, and that the rest of the bankrupt lines be consolidated into one system. The ICC will now hold hearings on this particular matter. But the real question is: Are we going to keep these railroads just alive, just existing long enough so we can have a chance to reorganize them under our private enterprise system?

If we do not want to do that, if that is the kind of bailout that offends us, the next step is obvious—nationalization. It is a word no one would use in this Chamber a few years ago, but that is the situation we are faced with today. I do not know whether there will be more interim financing needed. This amount was larger than we anticipated. At the end of the line, there is $1.5 billion to establish the Consolidated Rail Corporation. Already that estimate is in question.

The purpose for which the money here is to be appropriated sounds and looks very much like a bailout. That word is the key word used in all of this debate. However, it is something larger than that. It is a determination as to whether we are going to have a national rail transportation system or whether we are not; and secondarily, what sort of system are we going to have? Will we give private enterprise one last shot under this particular procedure to go forward?

I wish to congratulate not only my colleague from Connecticut but also the distinguished Senator from Indiana for their leadership.

Mr. MONDALE. Will the Senator yield?

Mr. PEARSON. I do not have the floor.

Mr. WEICKER. I yield for 2 minutes to the distinguished Senator from Minnesota.

Mr. MONDALE. I intend to vote for cloture on the Pennsylvania Central Railroad. However, I rise to object emphatically to any suggestion that by operating under rule XXII or by voting cloture under rule XXII, the proponents of Senate Resolution 4 waive any rights which they may have under the U.S. Constitution.

In pursuing Senate Resolution 4, we operate under article I, section 5, of the Constitution and our right to change the rules are pursuant to that provision to the extent that we operate under the rules of the Senate as adopted by previous Congresses. We do so only to the extent that we do not inhibit our constitutional right to change those rules. On January 14, when I introduced Senate Resolution 4, I said that:

> By operating under the Standing Rules of the Senate, the supporters of this resolution do not acquiesce to the applicability of certain of those rules to the effort to amend rule XXII; nor do they waive any rights which they may obtain under the Constitution, the practices of this body, or certain rulings by previous Vice Presidents to amend rule XXII, uninhibited by rules in effect during previous Congresses.

I continue to adhere to that statement and also to the statement of Senate Resolution 4. The opponents of Senate Resolution 4 have forced a resort to old rule XXII by paralyzing the will of the Senate. They cannot, by that action, force waiver of constitutional rights. We operate under article I, section 5. Those rights obtain and will be pursued by those of us who support Senate Resolution 4.

Mr. President, I ask unanimous consent that the following pages of the RECORD be reprinted: 12, on January 14, 1975, 2016 on February 3, 1975; 4111 of February 24, 1975; and 4226, February 25, 1975, which set forth the clear understanding of the leadership to that effect. I quote the distinguished majority leader, Senator MANSFIELD, who said, when we introduced the cloture petition:

Nothing would be changed as far as the present parliamentary situation was concerned, and the purpose of offering the cloture petition at this time is to try to bring some relief to Penn Central.

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

[From the CONGRESSIONAL RECORD, Jan. 14, 1975, p. 12]

RESOLUTION TO AMEND RULE XXII OF THE STANDING RULES OF THE SENATE

Mr. MONDALE. Mr. President, I submit on behalf of myself, the distinguished Senator from Kansas (Mr. PEARSON), and a large group of Senators listed on the resolution, a resolution to amend rule XXII of the Standing Rules of the Senate.

The effect of the resolution is to amend rule XXII so as to reduce from two-thirds to three-fifths of the number of Senators present and voting required to limit debate under rule XXII.

Mr. President, in accordance with the provision of rule XL of the Standing Rules, I also send to the desk a notice in writing that I shall hereafter move to amend rule XXII as I have previously stated.

Mr. President, I ask that the resolution and notice be received and printed in the RECORD and that the resolution go over under rule XL so that it can be taken up on the next legislative day for consideration, consistent with the unanimous-consent order previously requested.

Mr. MANSFIELD. That is contemplated to be Friday.

Mr. MONDALE. I thank the distinguished majority leader.

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

Mr. MONDALE. I yield.

Mr. THURMOND. Mr. President, as I understand it, the Senator is introducing an amendment to rule XXII at this time? That is the only step he is proceeding with at this moment?

Mr. MONDALE. That is correct. I am filing a notice of intent and asking that the resolution lie vore for 1 legislative day, as contemplated by the rules. As I understand the unanimous-consent agreement, the resolution will be called up on Friday.

Mr. MANSFIELD. The Senator is correct.

Mr. MONDALE. Mr. President, I wish to state, as has been traditional at the commencement of efforts to amend rule XXII, that, by operating under the Standing Rules of the Senate the supporters of this resolution do not acquiesce to the applicability of certain of those rules to the effort to amend rule XXII; nor do they waive any rights which they may obtain under the Constitution, the practice of this body, or certain rulings by previous Vice Presidents to amend rule XXII, uninhibited by rules in effect during previous Congresses.

Mr. President, I ask unanimous consent that during the consideration of the amendment to rule XXII, Mr. Robert Barnett of my staff be granted floor privileges.

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

Mr. MANSFIELD. Mr. President, in order to nail down doubly the protection accorded to the Senator and his cosponsors, I ask unanimous consent that, notwithstanding any delay in the consideration of the resolution, all proceedings, rights and privileges concerning the efforts to change rule XXII of the Standing Rules of the Senate be reserved, so that proponents of such a change not be prejudiced in any way in the actual commencement of the consideration of this resolution.

The PRESIDING OFFICER. Without objection, it is so ordered, and the resolution will go over under the rule.

The resolution and notice are as follows:

S. RES. 4

Mr. Mondale (for himself, Mr. Pearson, Mr. Abourezk, Mr. Bayh, Mr. Bentsen, Mr. Biden, Mr. Brooke, Mr. Burdick, Mr. Case, Mr. Clark, Mr. Eagleton, Mr. Glenn, Mr. Hart of Colorado, Mr. Hart of Michigan, Mr. Hartke, Mr. Haskell, Mr. Hatfield, Mr. Huddleston, Mr. Humphrey, Mr. Inouye, Mr. Jackson, Mr. Javits, Mr. Kennedy, Mr. Leahy, Mr. Magnuson, Mr. Mathias, Mr. McGovern, Mr. McIntyre, Mr. Montoya, Mr. Moss. Mr. Muskie, Mr. Nelson, Mr. Packwood, Mr. Pastore, Mr. Pell, Mr. Percy, Mr. Randolph, Mr. Ribicoff, Mr. Schweiker, Mr. Scott of Pennsylvania, Mr. Stafford, Mr. Stevenson, Mr. Symington, Mr. Tunney, and Mr. Williams.

Resolved, That rule XXII of the Standing Rules of the Senate is amended to read as follows:

"1. When a question is pending, no motion shall be received but—

"To adjourn.

"To adjourn to a day certain, or that when the Senate adjourn it shall be to a day certain.

"To take a recess.

"To proceed to the consideration of executive business.

"To lay on the table.

"To postpone indefinitely.

"To postpone to a day certain.

"To commit.

"To amend.

Which several motions shall have precedence as they stand arranged; and the motions relating to adjournment, to take a recess, to proceed to the consideration of executive business, to lay on the table, shall be decided without debate.

"2. Notwithstanding the provisions of rule III or rule VI or any other rule of the Senate, at any time a motion signed by sixteen Senators, to bring to a close the debate upon any measure, motion, or other matter pending before the Senate, or the unfinished business, is presented to the Senate, the Presiding Officer shall at once state the motion to the Senate, and one hour after the Senate meets on the following calendar day but one, he shall lay the motion before the Senate and direct that the Secretary call the roll, and upon the ascertainment that a quorum is present, the Presiding Officer shall, without debate, submit to the Senate by a yea-and-nay vote the question:

" 'Is it the sense of the Senate that the debate shall be brought to a close?'

"And if that question shall be decided in the affirmative by three-fifths of the Senators present and voting, then said measure, motion, or other matter pending before the Senate, or the unfinished business, shall be the unfinished business to the exclusion of all other business until disposed of.

"Thereafter no Senator shall be entitled to speak in all more than one hour on the measure, motion, or other matter pending before the Senate, or the unfinished business, the amendments thereto, and motions affecting the same, and it shall be the duty of the Presiding Officer to keep the time of each Senator who speaks. Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time. No dilatory motion, or dilatory amendment, or amendment not germane shall be in order. Points of order, including questions of relevancy, and appeals from the decision of the Presiding Officer, shall be decided without debate.

"3. The provisions of the last paragraph of rule VIII (prohibiting debate on motions made before 2 o'clock) shall not apply to any motion to proceed to the consideration of any motion, resolution, or proposal to change any of the Standing Rules of the Senate."

NOTICE OF MOTION TO AMEND CERTAIN SENATE RULES

In accordance with the provisions of Rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to amend Rule XXII of the Standing Rules in the following particulars:

Resolved, That rule XXII of the Standing Rules of the Senate is amended to read as follows:

"1. When a question is pending, no motion shall be received but—

"To adjourn.

"To adjourn to a day certain, or that when the Senate adjourn it shall be to a day certain.

"To take a recess.

"To proceed to the consideration of executive business.

"To lay on the table.

"To postpone indefinitely.

"To postpone to a day certain.

"To commit.

"To amend.

Which several motions shall have precedence as they stand arranged; and the motions relating to adjournment, to take a recess to proceed to the consideration of executive business, to lay on the table, shall be decided without debate.

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" 'Is it the sense of the Senate that the debate shall be brought to a close?'

"And if that question shall be decided in the affirmative by three-fifths of the Senators present and voting, then said measure, motion, or other matter pending before the Senate, or the unfinished business, shall be the unfinished business to the exclusion of all other business until disposed of.

"Thereafter no Senator shall be entitled to speak in all more than one hour on the

measure, motion, or other matter pending before the Senate, or the unfinished business, the amendments thereto, and motions affecting the same, and it shall be the duty of the Presiding Officer to keep the time of each Senator who speaks. Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time. No dilatory motion, or dilatory amendment, or amendment not germane shall be in order. Points of order, including questions of relevancy, and appeals from the decision of the Presiding Officer, shall be decided without debate.

"3. The provisions of the last paragraph of rule VIII (prohibiting debate on motions made before 2 o'clock) shall not apply to any motion to proceed to the consideration of any motion, resolution, or proposal to change any of the Standing Rules of the Senate."

[From the CONGRESSIONAL RECORD, Feb. 3, 1975, p. 2016]

UNANIMOUS-CONSENT AGREEMENT—SENATE RESOLUTION 4

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no action be taken prior to Thursday, February 20, 1975, in respect to Senate Resolution 4, a resolution amending rule XXII of the Standing Rules of the Senate, with respect to the limitation of debate, provided that all the rights of all Senators may be fully protected and reserved.

Before the Chair puts the request, may I say that it is anticipated—and I cannot include this in the request—that on the 20th of February, some action will be taken on Senate Resolution 4.

Mr. ALLEN. Mr. President, reserving the right to object—and I shall not object—the distinguished assistant majority leader was kind enough to include me in the negotiations arriving at this result. It would be understood, of course, that if there were any change of this unanimous-consent request, the various Senators on both sides of the question would be consulted.

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. ALLEN. The Senator made his request with reference to Senate Resolution 4. Might it be broadened to include any other method of seeking to amend rule XXII?

Mr. ROBERT C. BYRD. That would be my understanding of it, and I would include that in the request.

Mr. MONDALE. Mr. President, reserving the right to object—and I shall not object—as I understand this unanimous-consent request, there will be no action on proposed rule changes—that is, on rule XXII, Senate Resolution 4—until February 20, 1975.

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. MONDALE. And, from February 20 on, all the rights which any Senator has under the rules will obtain in the pursuit of rules changes.

Mr. ROBERT C. BYRD. The rights any Senator possessed today would remain available at that time.

Mr. MONDALE. And, should any Senator wish to change this understanding, I assume that both sides would be notified.

Mr. ROBERT C. BYRD. They would. I gave that assurance, and it would be by unanimous consent.

Mr. MONDALE. I have checked with my chief cosponsor, the Senator from Kansas (Mr. PEARSON). He is fully agreeable to this understanding. I think the Senate should be informed that one of the reasons for setting that date is that we have a rather substantial delegation of Senators on official business at the NATO conference, and it is difficult to bring this matter up prior to February 20.

Mr. ALLEN. Reserving the right to object further, with regard to this group of Senators who are now in Yugoslavia, is the fact that the Senator anticipates a heavy majority vote from those Senators the reason he wants to wait until the 20th to consider that matter?

Mr. MONDALE. It is my opinion that we will get a heavy majority of all reasonable Senators.

Mr. ALLEN. There are some Senators who are not very reasonable, though.

Mr. MONDALE. I have never found that to be true.

Mr. ALLEN. I thank the Senator.

Mr. CRANSTON. Mr. President, reserving the right to object, and I shall not object, I assume that this understanding would mean that those Senators on either side could depend on the joint leadership to protect those on either side under this agreement.

Mr. ROBERT C. BYRD. The Senator is correct, and the joint leadership will make every effort to do that.

Mr. GRIFFIN. Reserving the right to object, and I shall not object either, I wish to join in providing the assurances that are indicated as far as the joint leadership is concerned. I also thank the Senator from Minnesota for reciting that he had consulted with the Senator from Kansas (Mr. PEARSON), who is very much interested in this matter, and for the information in the RECORD that he has agreed also under this unanimous-consent agreement.

I have no objection.

Mr. ROBERT C. BYRD. Mr. President, let me retract my statement. I cannot give assurance that the joint leadership will do anything. I made that statement feeling that that would be the position of the joint leadership, and I am glad that the distinguished assistant Republican leader has made the statement that he just made.

[From the CONGRESSIONAL RECORD of Feb. 24, 1975, p. 4111]

* * * from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Colorado (Mr. HASKELL) is absent on official business.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

I further announce that, if present and voting the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Rhode Island (Mr. PELL) would each vote "nay."

I further announce that the Senator from Minnesota (Mr. HUMPHREY) is absent attending a hearing.

Mr. GRIFFIN. I announce that the Senator from Pennsylvania (Mr. HUGH SCOTT) and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BARTLETT) and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Pennsylvania (Mr. HUGH SCOTT) would vote "nay."

The result was announced—yeas 28, nays 57, as follows:

[Rollcall Vote No. 17 Leg.]

YEAS—28

Allen, Baker, Belimon, Brock, Buckley, Byrd, Harry F., Jr., Curtis, Dole, Domenici, Eastland, Fannin, Fong, Garn, Goldwater, Hansen, Helms, Hruska, Johnston, Laxalt, McClure, Roth, Scott, William L., Sparkman, Stennis, Stone, Talmadge, Thurmond, Tower.

NAYS—57

Abourezk, Bayh, Beall, Bentsen, Biden, Brooke, Bumpers, Burdick, Byrd, Robert C., Cannon, Case, Chiles, Church, Clark, Cranston, Culver, Eagleton, Ford, Glenn, Griffin, Hart, Philip A., Hartke, Hatfield, Hathaway, Hollings, Huddleston, Inouye, Jackson, Javits, Kennedy, Leahy, Magnuson, Mansfield, Mathias, McGee, McGovern, McIntyre, Metcalf, Mondale, Montoya, Morgan, Moss, Muskie, Nelson, Nunn, Packwood, Pastore, Pearson, Proxmire, Randolph, Ribicoff, Schweiker, Stafford, Stevenson, Tunney, Weicker, Young.

NOT VOTING—14

Bartlett, Gravel, Hart, Gary W., Haskell, Humphrey, Long, McClellan, Pell, Percy, Scott, Hugh, Stevens, Symington, Taft, Williams.

So Mr. ALLEN's motion was rejected.

The VICE PRESIDENT. The Senator from Montana.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MANSFIELD. What is the next order of business?

The VICE PRESIDENT. The pending question is the motion to table an appeal of the Senator from Alabama.

Mr. MANSFIELD. Mr. President, I would like to make a unanimous-consent request of the Senate. The reason I would like to make it at this time is that I would like to lay down a cloture petition on the pending legislation so that it would be possible—if otherwise impossible—to come to a vote on Wednesday, and I would not like to have it mixed in with the parliamentary situation which has developed since earlier this afternoon.

So, Mr. President, I ask unanimous consent that at this time a cloture petition may be presented and read without any prejudice to the situation which has been developing this afternoon.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

The clerk will read——

Mr. WILLIAM L. SCOTT. Mr. President, reserving the right to object——

The VICE PRESIDENT. I am sorry——

Mr. MANSFIELD. I ask that the petition be withheld.

Mr. WILLIAM L. SCOTT. Reserving the right to object, Mr. President, I would ask the majority leader, does that mean that we would be operating under rule XXII, or without prejudice to rule XXII?

Mr. MANSFIELD. No, it would not change the situation which exists at the moment.

Mr. WILLIAM L. SCOTT. Perhaps the Chair could tell us, are we now operating under rule XXII of the Rules of the Senate, whereby a cloture petition may be filed?

Mr. MANSFIELD. Could not be filed.

Mr. ALLEN. Reserving the right to object, may I inquire of the distinguished majority leader if it is his plan, at the close of business today, to adjourn the Senate so that the cloture petition may become operative?

Mr. MANSFIELD. The Senator is correct.

Mr. MONDALE. Will the Senator yield?

Mr. ROBERT C. BYRD. Mr. President, when we adjourn, the cloture petition would become operative.

Mr. MONDALE. Will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. MONDALE. As I understand the situation, there are four or five motions pending which could determine whether Senate Resolution 4 is pending business.

In addition to that, we can take notice of the fact that the Vice President has ruled that it is the right of the Senate under the Constitution to do so. We can also take notice of the fact that the Senate has been held up for about 2 hours with a series of dilatory motions to prevent the Senate from working its will in establishing the rules so that we can go on with the business of the Senate.

It is the strategy of the opponents of the change of our rules to hold the Penn Central Railroad, and thousands of employees who work for them, hostage to their de-

mand that we drop our attempts to change rule XXII.

As I understand the motion of the majority leader, and the unanimous-consent agreement that was arrived at, we will proceed with Senate Resolution 4 as though the cloture petition had not been filed, and proceed to action as though they were different matters. Am I correct in that?

Mr. MANSFIELD. If the Senator will yield, it would be the intention of the majority leader to move that the Senate stand in recess tonight so that the pending situation could remain alive.

When I made the unanimous-consent request, I stated that nothing would be changed, as far as the present parliamentary situation was concerned, and the purpose of offering the cloture petition at this time was to try to bring some relief to the difficulties which confront the Penn Central, the Erie-Lackawanna and other railroads, through a vote on the cloture petition on Wednesday.

I do not know whether the Senate will agree to that.

I yield to the Senator from Virginia.

Mr. WILLIAM L. SCOTT. Could the Senator tell me, would a two-thirds vote be necessary to impose cloture under the unanimous-consent request?

Mr. MANSFIELD. Yes.

Mr. ALLEN. Will the Senator yield?

Mr. WILLIAM L. SCOTT. Will the Senator include that?

Mr. MANSFIELD. That is under the rules.

Mr. ALLEN. Will the Senator yield further?

Mr. MANSFIELD. Yes.

Mr. ALLEN. I understood the Senator's intention to be to adjourn the session.

Mr. MANSFIELD. I have rethought my position.

Mr. ALLEN. That being the case, I have rethought my position, and I impose an objection.

Mr. MONDALE. The unanimous consent was agreed to, was it not?

The VICE PRESIDENT. That is right.

Mr. MANSFIELD. No; I had asked to withdraw it, so it was not agreed to.

The VICE PRESIDENT. Is there objection?

Mr. ALLEN. I object.

The VICE PRESIDENT. Objection is heard.

Several Senators addressed the Chair.

The VICE PRESIDENT. The Senator from Indiana.

Mr. HARTKE. I would just like to call the attention of the Senate to some facts of which they may not be aware.

I have received a telegram from the Penn Central which I would like to have printed in the RECORD. It is not long. I would like to read it.

The telegram is addressed to me from the trustees of the Penn Central.

At 10 a.m. today——

Mr. MANSFIELD. May we have order, Mr. President?

The VICE PRESIDENT. The pending question is a motion to table an appeal and debate is not in order.

Mr. HARTKE. Mr. President, I ask unanimous consent that I may proceed, even in view of the——

The VICE PRESIDENT. Is there objection?

Mr. ALLEN. Mr. President, reserving the right to object, may I have an equal amount of time?

[From the CONGRESSIONAL RECORD of Feb. 25, 1975, p. 4226]

* * * hour of debate, and it would be with the understanding—and we could, if desired, include that in our unanimous-consent request—that that hour would be for the purpose only of debate on the cloture motion, after which the Chair would have the clerk call the roll to establish a quorum, after which there would be a vote on the motion to invoke cloture.

If the vote on the motion to invoke cloture fails, then the Senate would resume its consideration of the now pending matter. If cloture is invoked under the rule, then the Senate would have to proceed with the disposition of that matter to the exclusion of all other business, and when that matter, to wit, the Penn Central question, has been disposed of, then the Senate would resume its consideration of the now pending matter at that time.

Mr. ALLEN. Who would have the floor on the resumption of our session?

Mr. ROBERT C. BYRD. The floor would be up for grabs; just whatever Senator is recognized by the Chair.

Mr. ALLEN. That does not seem to give the Senator from Alabama too much chance.

Mr. ROBERT C. BYRD. The Senator would have equal chance with every other Senator.

Mr. ALLEN. Well, theoretically.

Mr. ROBERT C. BYRD. May I say that based on my own observations, and I have not been able to be on floor at all times, I think the Senator has done right well in obtaining recognition.

Mr. ALLEN. I wonder who will be in the Chair at that time.

Mr. ROBERT C. BYRD. I have no way of knowing that.

Mr. ALLEN. I hope not a couple of fellows who have been up there earlier this session.

I wonder if I might inquire whether we might have a short quorum call in order that I might confer with others interested in the same problem.

Mr. ROBERT C. BYRD. Yes. Will the Senator allow me to ask, while he is conferring with others, that there be a period for the transaction of routine morning business, with statements therein limited to 3 minutes, and that the period for the transaction of routine morning business not extent beyond 15 minutes, and that at the conclusion of the period for the transaction of routine morning business the distinguished Senator from Alabama be recognized, and that his recognition the second time not be considered a second speech? I do this because it is necessary that there be some space in the RECORD today allocated for the purpose of morning business.

The PRESIDING OFFICER (Mr. ABOUREZK). Is there objection?

Mr. MONDALE. Mr. President, will the Senator yield for a question?

Mr. ALLEN. Yes, for a question.

Mr. MONDALE. How long is it anticipated that the quorum call would need to be?

Mr. ALLEN. Oh, I would not have in mind letting it go live. Just 10 or 15 minutes.

Mr. MONDALE. That would be all right.

Mr. ROBERT C. BYRD. It would be my thought that the period for routine morning business would suffice for a quorum, and if no Senators sought recognition, there would be a quorum call, with the understanding that following the quorum call the Senator from Alabama would retain his right to the floor.

Mr. ALLEN. Subject to morning business, which would be right before we go out?

Mr. ROBERT C. BYRD. I thought we would take care of the morning business at this time; or we can make it following the quorum call, if the Senator would prefer.

Mr. ALLEN. Well, any way the Senator wants to do it.

Mr. ROBERT C. BYRD. Then, Mr. President, if the Senator will yield under the same understanding——

Mr. ALLEN. Yes.

Mr. ROBERT C. BYRD. I shall shortly suggest the absence of a quorum, with the understanding that immediately following the quorum call the Senator from Alabama be recognized under the conditions as previously stated, and then, if we can reach the agreement we are attempting to reach, shortly after that, we would have a motion to recess until tomorrow, but prior to that motion to recess I would hope that we can get a period for the transaction of routine morning business included.

Mr. ALLEN. That sounds good.

Mr. ROBERT C. BYRD. Mr. President, under those conditions, if there be no objection, I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The Senator from Alabama.

Mr. ALLEN. I thank the Chair for recognizing me in accordance with the unanimous-consent agreement, of course, and I am willing after having discussed the proposed unanimous-consent agreement suggested by the distinguished assistant majority leader with those Senators who do oppose Senate Resolution 4, and it is our agreement that we do agree to the unanimous-consent request.

Mr. ROBERT C. BYRD. Will the Senator yield to me for the purpose only of making that request at this time?

Mr. ALLEN. I yield to the Senator.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11:30 a.m. tomorrow; provided further, that after the prayer and the two leaders have been recognized under the standing order—with the understanding that the leaders can make no motion or do anything that would affect in any way whatsoever the pending matter—the distinguished Senator from Oklahoma (Mr. BELLMON) be recognized for not to exceed 15 minutes, after which the 1 hour under the cloture rule beginning running on the motion to invoke cloture on the Penn Central matter, the time during that 1 hour to be equally divided between Mr. HARTKE and Mr. WEICKER; and provided further that—

Mr. President what occurs thereafter, takes care of itself automatically.

Mr. MONDALE. Mr. President, will the Senator yield for a question?

Mr. ROBERT C. BYRD. If the Senator will allow me.

Mr. ALLEN. Yes.

Mr. MONDALE. As I understand it——

Mr. JAVITS. Will the Senator use his microphone?

Mr. MONDALE. Yes.

As I understand the proposed unanimous-consent request, we would now go off the question of Senate Resolution 4 onto morning hour and Senate Resolution 4 would not come up again until after the cloture vote, if it is unsuccessful, or until after the completion of the railroad legislation, if it is successful.

Depending on when it comes up, the floor would then be open to proceed from the point we are now and the floor would be open; is that correct?

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. ALLEN. What is the pending business, may I inquire.

Mr. ROBERT C. BYRD. Will the Senator yield to me further at this point?

Mr. ALLEN. Yes.

Mr. ROBERT C. BYRD. Let me restate my unanimous-consent request.

The answer is in the affirmative to both of the questions of the Senator from Minnesota.

I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11:30 a.m. tomorrow; provided further, that, following the prayer, the two leaders be recognized under

the standing order, with the understanding that no motions in any way affecting Senate Resolution 4 be in order during that time; provided further, that, following the recognition of the two leaders under the standing order, Mr. BELLMON be recognized for not to exceed 15 minutes, after which the 1 hour provided under rule XXII on the motion to invoke cloture begin running, the time to be equally divided between Mr. HARTKE and Mr. WEICKER; provided further, that upon the disposition of the cloture vote, if the motion to invoke cloture fails, the Senate then resume its consideration of Senate Resolution 4, the question now pending, being again pending that point; and that, in the alternative, if the motion to invoke cloture carries, under the rule, the Senate proceed with the further consideration of the Penn Central matter until that matter is disposed of; at which time, upon the disposition of that matter, the Senate resume its consideration of Senate Resolution 4, with the question then before the Senate being the question in its present status.

Mr. MONDALE. Will the Senator yield for a question only?

Mr. ALLEN. Yes.

Mr. ALLEN. Mr. President, will the Senator yield 2 minutes to me?

Mr. WEICKER. I will yield 2 minutes to the distinguished Senator from Alabama, and then 10 minutes to the distinguished Senator from Virginia.

Mr. ALLEN. If the Senator will look a little closer at the statement by Senator MANSFIELD, he will see it was a gratuitous statement. Certainly there was no unanimous consent given which would constitute a waiver on the gag rule resolution.

It is all right for the Senator from Minnesota to come in and say, "We are not waiving our rights to claim that we are not operating under rule XXII when we use rule XXII." So the Senator says, "I am going to invoke cloture under rule XXII but it does not apply to me. It applies to these other fellows."

So I think the Senate understands the position that the Senator from Minnesota is seeking to carve out for himself, that cloture under rule XXII must be used by everybody else, and he joins in that effort to get cloture but, as for him, he thinks he can ram through a resolution outside the rules in a back-door approach to seek to amend the rules.

I do not believe the Senator or the Presiding Officer will buy that theory.

The PRESIDING OFFICER. The Chair recognizes the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, the Senate passed S. 281 authorizing $275 million as a bailout for the Pennsylvania Railroad. That action was taken on January 29.

Now, the House passed H.R. 2051 authorizing $347 million as a bailout for the Pennsylvania Railroad on February 19 of this year.

I point out, Mr. President, that in the 3 weeks between passage of the Senate and House bills the projected need has risen by $72 million for a 1-year period, namely, from $275 million to $347 million.

Talk about fast inflation—that is an increase of 26 percent in 21 days.

So what the Senate will be called upon to vote on, presumably today, is an additional $347 million for the Pennsylvania Railroad to help bail out the Pennsylvania Railroad.

The able Senator from Kansas, in his comments a few moments ago, asked the Senate to give one last shot— let me repeat, one last shot—by appropriating this $346 million.

Mr. WEICKER. Mr. President, will the distinguished Senator yield for a brief comment?

Mr. HARRY F. BYRD, JR. I yield.

Mr. WEICKER. I do not want to be misleading here. I did not say one last shot.

Mr. HARRY F. BYRD, JR. I said the Senator from Kansas.

Mr. WEICKER. I beg the Senator's pardon. I wanted to make it clear because I never tried to mislead the Senator from Virginia that something else might lie ahead.

Mr. HARRY F. BYRD. I am certain of that. In the first place, I did not mention the Senator from Connecticut. I mentioned the comment which I understood the Senator from Kansas to make, not the Senator from Connecticut. As I recollect, the Senator from Connecticut—and I wish he would correct me if I misheard him, but, as I understood the Senator from Connecticut, he said that passing this legislation is like pouring money down a rat hole. Did I understand the Senator from Connecticut correctly?

Mr. WEICKER. In the context, which is what I said, of building a rail system in this country, it is pouring money down a rat hole, there is no question about it.

Mr. HARRY F. BYRD, JR. I thank the Senator, and that is the position I have taken since December 30, 1970, more than 4 years ago. That is when the first appropriation was passed by the Senate of the United States. I said at that time the passage of that legislation was pouring money down a rathole. The proponents of that legislation, I contended, and the Pennsylvania Railroad I contended, would be back before Congress seeking more appropriations, and that is exactly what has happened.

Now, in 1970—the financial history is this, in 1970—Congress passed H.R. 19953, Penn Central emergency aid, providing for $125 million in guarantees. I opposed that because I thought that was just the beginning of many millions of dollars and hundreds of millions of dollars that would go to the bailout of this bankrupt company. Now, that was in 1970.

In 1973 Congress passed H.R. 9142, the Regional Rail Reorganization Act, providing for $85 million in grants, plus $150 million in guarantees.

Then we come to the pending legislation which provides for $197 million in grants and $150 million in guarantees, for a total in this year of 1975 of $347 million.

Now, in addition, the 1973 act authorized these amounts: operating subsidies $180 million; design for new system $43 million; labor protection $250 million; for a total in that year of $473 million.

So that the grand total of sums authorized to date and proposed for authorization in the pending bill is $1,180,000,000.

Moreover, the $150 million in loan guarantee authority in the 1973 act is only an interim guarantee authority to be charged against a total authority of $1.5 billion for the long-term reorganization.

Thus, Mr. President, the total potential commitment is $2.553 billion. Yet we are being asked today to appropriate $347 million, which the able and conscientious Senator from Connecticut has stated frankly and sincerely to the Senate is pouring money down a rathole when taken in context with the development of a strong rail system.

So I find that I must oppose, must vote against, this additional bailout for the Pennsylvania Railroad. I do not like to do it, but I see no end to it. I repeat, I see no end to it.

Another aspect that persuades me to vote in the negative, and persuaded me in the beginning to vote in the negative, is that I have not yet obtained—and maybe it is available now—but I sought in debate on December 30, 1970, I sought in that debate to determine just what assets the Pennsylvania Railroad had in its various companies.

Now, I made this statement. I quoted the Senator from Rhode Island. The Senator from Rhode Island said that the railroads are mortgaged up to their necks, but then the next sentence is the one that I am particularly concerned with, "with assets of $4 billion to $7 billion."

With assets of $4 billion to $7 billion. Now, what has happened to those assets? Have those assets been used? Should not those assets be used before the taxpayers be called upon to use tax funds?

Now, if there is information available, if the assets are available or if the information on the assets is available, the Senator from Virginia would be glad to have that information. But I am quoting now from the statement made by the Senator from Rhode Island, December 1970, in which he stated that the assets of the Penn Central conglomerate totaled $4 billion to $7 billion, and nobody knew exactly how much.

Well, 4 years and 2 months have gone by since then and maybe there is available information as to whether it is $4 billion or $5 billion or $6 billion or $7 billion, and if so, what has happened to that? Has that money been used for purposes that the taxpayers are now being called upon to appropriate funds to use to bail out the Penn Central?

So I submit that until the Penn Central conglomerate uses its own assets, that it is unwise and unnecessary and undesirable to call on the taxpayers. I submit that those tremendous assets of the Penn Central conglomerate should be used first.

I yield to the Senator from Indiana.

Mr. HARTKE. Mr. President, I just want to explain, that I understand what the Senator from Virginia is saying. I would like to explain that it is not just a simple matter of going to those assets and claiming them.

The court has in its jurisdiction the assets it can reach, and they have used all the assets that are permissable.

Now, there are two ways that the Gov-

ernment can get to them. One of them is to go ahead and permit the liquidation of the railroad and then they will sell the assets.

The other one is to nationalize them.

Mr. HARRY F. BYRD, JR. May I ask the Senator from Indiana, what are the total assets?

Mr. HARTKE. Some estimates are as high as $14 billion.

Mr. HARRY F. BYRD, JR. How much?

Mr. HARTKE. $14 billion.

Mr. HARRY F. BYRD, JR. $14 billion?

Mr. HARTKE. Right, that includes all the equipment, and everything else. The right-of-way and everything.

Mr. HARRY F. BYRD, JR. I might say to the Senator from Indiana, in the debate on December 30, 1970, it was stated by the Senator from Rhode Island, and I believe by the Senator from Indiana but I am not positive of that, but I do know the Senator from Rhode Island said there was somewhere between $4 billion and $7 billion.

Mr. HARTKE. I think maybe that is——

Mr. HARRY F. BYRD, JR. So it was underestimated at that point.

Mr. HARTKE. That is one estimate of the rehabilitation costs.

Mr. HARRY F. BYRD, JR. Well, that is not——

Mr. HARTKE. I do not know to which assets he is referring, either. The difficulty——

Mr. HARRY F. BYRD, JR. Anyway, the new figure that the Senator from Indiana has is that the total assets of that Penn Central conglomerate is $14 billion?

Mr. HARTKE. Approximately. There is at this moment no definitive statement of assessment of all those assets, but we heard estimates that the total assets might be as much as $14 billion.

That is one reason the creditors want to liquidate the railroad, because as far as they are concerned, they probably could have gotten more of their money than they can under a reorganization employing a cram down theory.

In other words, what the Government has done is to cram this down to the extent of making the asset owners go ahead and take this type of reorganization rather than go through liquidation.

Liquidation has its definite problems. One of them is that as far as operations are concerned, are in an unsure position.

The second is that it makes it almost impossible to come forward with any type of rail transportation system unless we spend as much as $14 billion merely to acquire assets instead of what we are spending. That is the difficulty.

Mr. HARRY F. BYRD, JR. I think this has been a very worthwhile discussion. I read the paper very carefully, but I never saw the statement made.

Mr. HARTKE. This really is a question that was raised before the Supreme Court, as to whether or not the creditors could get at these assets the Senator is talking about. The creditors——

Mr. HARRY F. BYRD, JR. The total assets is the figure the Senator from Virginia is particularly interested in.

Mr. HARTKE. Yes, but that includes locomotives, it includes boxcars, it includes right-of-way, it includes worn-out track.

In some cases the steel, the rails themselves, are of tremendous value.

Mr. HARRY F. BYRD, JR. Is it not correct the Penn Central conglomerate has a great deal of real estate property?

Mr. HARTKE. Yes.

Mr. HARRY F. BYRD, JR. And does it not have virtually all types of investments?

But in any case, a significant figure has been developed by this debate and I thank the Senator from Indiana.

Mr. HARTKE. Let me point out, I do not want to say that this is an assessment which ultimately is to be used as far as any payments are concerned.

Mr. HARRY F. BYRD, JR. I understand, but the best——

Mr. HARTKE. What I am saying is that one alternative is to nationalize this system, and I think that could take as much as $14 billion.

The other side of the coin is that we could liquidate, and if we liquidate and get to the assets, then we stop the whole railroad system.

Now, these are the only two alternatives that I know of.

Mr. HARRY F. BYRD, JR. I am not speaking of alternatives. I merely am trying to establish the fact, which I think the Senator from Indiana has already established now. In reply to my question, the Senator from Indiana stated that the total assets were roughly, the best the committee can determine, about $14 billion.

Mr. HARTKE. That is merely an estimate.

Mr. HARRY F. BYRD, JR. That is right.

Mr. HARTKE. I should point out that the court may come in and make a decision that is far——

Mr. HARRY F. BYRD, JR. And, anyway, it is a very substantial sum.

Mr. HARTKE. Let me say that $7 billion is not an unreasonable amount—$14 billion is probably a more exaggerated figure.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. HARTKE. All right.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. WEICKER. Mr. President, I would like to just make a couple of remarks emanating from the discussion presented by the distinguished Senator from Virginia.

No. 1, I would like to respond to the Senator from Virginia as to why the difference in price between the original Senate bill and the bill passed in the House.

The moneys originally requested of the Senate were based on the fact that the railroad would get an increase in its freight rates. That increase was denied. Therefore, that figure went out the window.

The House knew that when they got the legislation and upped the price.

Then, also, the Erie Lackawanna is involved in this legislation now, so that upped the price.

So that is the reason, and it is a valid question the distinguished Senator raised, but that is the reason for the difference on the price tag as between the two.

Now, let me make this clear, as clear as I can. I am not a highway man. Ever since I have come to Congress, I pleaded for better rail systems. Nobody has responded and we are paying the bill now.

I am not an operating deficit man. I pleaded in the Amtrak legislation that money be earmarked for capital improvement and R. & D., so we could get out of the deficit-type situation.

Lastly, I have absolutely nothing but ill will toward the Penn Central and its former management.

Balanced against that, I just am not willing to let the innocent suffer and they are the ones going to lose their jobs either directly, if they are employed by the Penn Central or indirectly, if their jobs touch upon those goods and services delivered by that particular railroad.

I want to make clear that both the distinguished Senator from Indiana and myself are, No. 1, not committed to a good rail system today. We have been committed to it for years but nobody will go ahead either in the legislative or executive branch of Government and provide it. Then they complain when you get a God-awful tab like this which does not build one single piece of trackage or create one locomotive, freight car, or passenger car. This money could have been spent on that. But neither the executive nor the legislative branches of Government, up until most recently, have provided the entities within which to accomplish that type of operation. You are getting the bill today.

This report came out in 1973. I am going to repeat it, because this is what you are paying for today. You are not paying for the Penn Central, but the following:

> The Penn Central's collapse stemmed from the complex interaction of a number of factors, including questionable management policy, the misdeeds of individuals, Federal regulatory policies and practices, an inadequately developed national transportation policy, the national economy, deteriorating business conditions in the Northeastern part of the United States, the inability of the private sector to respond to these changes, and successful competition from other modes of transportation.
>
> In the last several decades, railroads operating in the Northeast and Midwest found themselves in an environment where the national economy was changing, reducing the importance of the principal commodities carried by railroads and therefore, the role of the railroads in the transportation system. The percentage of the gross national product represented by agriculture, mining, and nondurable goods—heavy users of rail freight transportation—declined during the 1960's; a trend toward locating factories closer to consumer markets reduced the demand for transportation services; the 1960–61 and 1968–70 recession had a pronounced impact; in the late 1940's and early 1950's railroads virtually abandoned hauling goods in less than carload lots;

It will be noted that there are two substantial areas of Federal failure; the failure on the part of the regulatory agencies and the failure of the Congress and the executive to develop national transportation policy.

This bill is the tab for those omissions. So regardless of whatever blame is put on the shoulders of that rather unfortunate group that ran the railroad, part of the

blame lies on that rather unfortunate group that has been charged with the responsibility of legislatively and executively developing our transportation policy here in this country.

As I said, I have to stand here in the nature of preserving jobs, nothing more—not building a railroad and not creating anything—and ask the Congress and the American people to pay the tab for these misdeeds when indeed my whole legislative life has been saying let us build, let us create, a decent rail system, both mass and intercity, rather than to go ahead and involve ourselves in deficits.

CLOTURE MOTION

The PRESIDING OFFICER (Mr. GARY W. HART). 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 motion to agree to the House amendment to S. 281, an Act to amend the Regional Rail Reorganization Act of 1973 to increase the financial assistance available under section 213 and section 215, and for other purposes.

Vance Hartke, Harrison A. Williams, Lowell P. Weicker, Jr., J. Glenn Beall, Philip A. Hart, John O. Pastore, Wendell H. Ford, Jacob K. Javits, John Glenn, Robert C. Byrd, Mike Mansfield, Richard S. Schweiker, Patrick J. Leahy, Robert Dole, Hiram L. Long, Alan Cranston, Joseph R. Biden, Jr., Frank Church, Abraham Ribicoff, Walter D. Huddleston, Frank E. Moss, William V. Roth, Jr.

CALL OF THE ROLL

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair 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:

[Quorum No. 12 Leg.]

Allen	Culver	Laxalt
Bentsen	Ford	Mondale
Brock	Goldwater	Pearson
Byrd, Harry F., Jr.	Hart, Gary W.	Ribicoff
Byrd, Robert C.	Hartke	Sparkman
Church	Javits	Williams
	Johnston	

The PRESIDING OFFICER. A quorum is not present.

Mr. ROBERT C. BYRD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After some delay, the following Senators entered the Chamber and answered to their names:

Abourezk	Case	Garn
Baker	Chiles	Glenn
Bayh	Clark	Griffin
Beall	Cranston	Hansen
Bellmon	Curtis	Hart, Philip A.
Biden	Dole	Haskell
Brooke	Domenici	Hatfield
Buckley	Eagleton	Hathaway
Bumpers	Eastland	Helms
Burdick	Fannin	Hollings
Cannon	Fong	Hruska
Huddleston	Metcalf	Scott, William L.
Humphrey	Montoya	Stafford
Inouye	Morgan	Stennis
Jackson	Moss	Stevens
Kennedy	Muskie	Stevenson
Leahy	Nelson	Stone
Long	Nunn	Talmadge
Magnuson	Packwood	Thurmond
Mansfield	Pastore	Tower
Mathias	Pell	Tunney
McClellan	Proxmire	Weicker
McClure	Randolph	Young
McGee	Roth	
McGovern	Schweiker	
McIntyre	Scott, Hugh	

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. SYMINGTON) is necessarily absent.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT) and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

The PRESIDING OFFICER (Mr. GLENN). A quorum is present.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the motion to agree to the House amendment to S. 281, an act to amend the Regional Rail Reorganization Act of 1973 to increase the financial assistance available under section 213 and section 215, 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.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Mr. President, does it take a two-thirds vote to shut off debate on this matter?

The PRESIDING OFFICER. Under XXII, it takes two-thirds of the Senate present and voting to shut off debate.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. Are we proceeding under rule XXII?

The PRESIDING OFFICER. We are proceeding under rule XXII.

Mr. CURTIS. It is a rule of the Senate?

The PRESIDING OFFICER. We are proceeding under rule XXII.

Mr. MONDALE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONDALE. Is it a fact that the sponsors of Senate Resolution 4 reserve their rights under the Constitution?

Mr. ALLEN. I believe that is a constitutional question.

The PRESIDING OFFICER. The rights of all Senators were preserved by unanimous consent last evening.

Mr. MONDALE. I thank the Chair.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. SYMINGTON) is necessarily absent.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT) and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY) would vote "yea."

The yeas and nays resulted—yeas 86, nays 8, as follows:

[Rollcall Vote No. 26 Leg.]

YEAS—86

Abourezk	Garn	Metcalf
Baker	Glenn	Mondale
Bayh	Goldwater	Montoya
Beall	Griffin	Moss
Bellmon	Hansen	Muskie
Bentsen	Hart, Gary W.	Nelson
Biden	Hart, Philip A.	Nunn
Brock	Hartke	Packwood
Brooke	Haskell	Pastore
Buckley	Hatfield	Pearson
Bumpers	Hathaway	Pell
Burdick	Hollings	Proxmire
Byrd, Harry F., Jr.	Hruska	Randolph
Byrd, Robert C.	Huddleston	Ribicoff
Cannon	Humphrey	Roth
Case	Inouye	Schweiker
Chiles	Jackson	Scott, Hugh
Church	Javits	Scott, William L.
Clark	Johnston	Sparkman
Cranston	Kennedy	Stafford
Culver	Laxalt	Stevens
Curtis	Leahy	Stevenson
Dole	Long	Tower
Domenici	Magnuson	Tunney
Eagleton	Mansfield	Weicker
Eastland	Mathias	Williams
Fannin	McClure	Young
Fong	McGee	
Ford	McGovern	
	McIntyre	

NAYS—8

Allen	Morgan	Talmadge
Helms	Stennis	Thurmond
McClellan	Stone	

NOT VOTING—5

Bartlett	Percy	Taft
Gravel	Symington	

The PRESIDING OFFICER (Mr. GLENN). On this vote there are 86 yeas and 8 nays. Two-thirds of the Senators present and voting having voted in the affirmative, the motion is agreed to. Each Senator is permitted 1 hour for debate.

REGIONAL RAIL REORGANIZATION ACT AMENDMENTS OF 1975

The Senate continued with the consideration of the bill (S. 281) to amend the Regional Rail Reorganization Act of 1973 to increase the financial assistance available under section 213 and section 215, and for other purposes.

Mr. HARTKE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The motion to concur in the House amendment to S. 281.

Mr. HARTKE. Mr. President, I thank the Senate, for whatever reasons Senators voted for cloture, for giving us a chance to bring this debate to a close.

Mr. STENNIS. Mr. President, may we have order?

THE PRESIDING OFFICER. The Senate will be in order.

Mr. HARTKE. Mr. President, I would hope we could proceed immediately to a vote. I am not interested in a rollcall, and if we could, I would ask the Chair to go ahead and proceed, unless someone else wishes to speak.

Mr. ALLEN. Mr. President, I yield myself 15 seconds.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. ALLEN. I make the point of order that my right to debate this measure has been improperly limited by the provisions of rule XXII, which is not as yet a rule of the Senate.

The PRESIDING OFFICER (Mr. GLENN). The Chair overrules the point of order.

Mr. ALLEN. What was the ruling?

The PRESIDING OFFICER. The Chair overrules the point of order.

Mr. ALLEN. I yield myself an additional 15 seconds. Is the effect of the Chair's ruling, then, that rule XXII is in full force and effect?

The PRESIDING OFFICER. The ruling of the Chair is that rule XXII has been invoked.

Mr. ALLEN. That is not the question that the Senator from Alabama asked to be ruled upon. I asked the Chair if rule XXII, in order to limit the right of the Senator from Alabama to debate, is in full force and effect. That is the point the Senator from Alabama is making.

The PRESIDING OFFICER. The Chair repeats his answer that the Senate has invoked rule XXII. Is there further debate?

Mr. MONDALE. Regular order, Mr. President. Regular order.

Mr. ALLEN. The Senator from Alabama wishes to reassert his point of order, because he does not feel that he has had a proper explanation. I make the point of order that rule XXII not being in full force and effect, the procedure under rule XXII improperly limits the right of the Senator from Alabama to debate this question.

The PRESIDING OFFICER. The Chair overrules the point of order.

Mr. ABOUREZK. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator can appeal that.

The Senator from South Dakota.

Mr. ALLEN. I will accept the offer of the distinguished Senator now presiding over the Senate. I will appeal the point of order.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. ABOUREZK. If the Senator from Alabama takes the position at this point that rule XXII is not in effect is he then prevented at a later date from invoking rule XXII himself?

The PRESIDING OFFICER. The Chair will not entertain a hypothetical situation. [Laughter.]

Mr. ALLEN. Mr. President, I yield myself an additional 30 seconds in order to establish this point. The Chair having overruled the point of order made by the Senator from Alabama, the Senator from Alabama appeals the ruling of the Chair and calls for the yeas and nays.

Mr. ABOUREZK. I move to table, Mr. President.

Mr. MONDALE. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. MONDALE. Mr. President, I move to table and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. NELSON. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. Order will be maintained. The clerk will suspend calling the roll until order has been established.

The clerk will proceed.

The second assistant legislative clerk resumed the call of the roll.

Mr. NELSON. Mr. President, the Senate is not in order. Senators are conversing in the asiles and the well of the Senate.

The PRESIDING OFFICER. The Senate will be in order. Those who wish to talk should retire to the cloakroom and the others take their seats. The clerk will not call the roll until the Senate is in order.

The clerk will proceed.

The second assistant legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. Can we have quiet in the Chamber, please, while the roll is being called.

The second assistant legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Louisiana (Mr. LONG), the Senator from Montana (Mr. METCALF), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT) and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 27 Leg.]

YEAS—92

Abourezk	Curtis	Humphrey
Allen	Dole	Inouye
Baker	Domenici	Jackson
Bayh	Eagleton	Javits
Beall	Eastland	Johnston
Bellmon	Fannin	Kennedy
Bentsen	Fong	Laxalt
Biden	Ford	Leahy
Brock	Garn	Magnuson
Brooke	Glenn	Mansfield
Buckley	Goldwater	Mathias
Bumpers	Griffin	McClellan
Burdick	Hansen	McClure
Byrd,	Hart, Gary W.	McGee
Harry F., Jr.	Hart, Philip A.	McGovern
Byrd, Robert C.	Hartke	McIntyre
Cannon	Haskell	Mondale
Case	Hatfield	Montoya
Chiles	Hathaway	Morgan
Church	Helms	Moss
Clark	Hollings	Muskie
Cranston	Hruska	Nelson
Culver	Huddleston	Nunn
Packwood	Scott, Hugh	Talmadge
Pastore	Scott,	Thurmond
Pearson	William L.	Tower
Pell	Sparkman	Tunney
Proxmire	Stafford	Weicker
Randolph	Stennis	Williams
Ribicoff	Stevens	Young
Roth	Stevenson	
Schweiker	Stone	

NAYS—0

NOT VOTING—7

Bartlett	Metcalf	Taft
Gravel	Percy	
Long	Symington	

So Mr. MONDALE's motion to lay on the table the appeal of Mr. ALLEN was agreed to.

The PRESIDING OFFICER. The question is on the motion to concur in the House amendment.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. Mr. President, a parliamentary inquiry. What is the pending question?

The PRESIDING OFFICER. The motion to concur in the House amendment to S. 281.

Mr. MOSS. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. MOSS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. ALLEN. Mr. President, I yield myself 10 minutes.

Mr. President, the reason I made the point of order that rule XXII——

Mr. HANSEN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ALLEN. That rule XXII is not in full force and effect was to establish the principle that, in fact, it is in full force and effect, because the Senator from Alabama had no idea that the Chair would sustain his point of order and allow him, and others, the right of unlimited debate on this issue.

So then the Senator from Alabama, for the record and for the parliamentary situation, made the point of order that rule XXII is not in full force and effect and that, for that reason, the right of the Senator from Alabama to speak was improperly being limited.

Not being satisfied with a mere overruling of that point by the Chair, which, in effect, took the exact opposite position from the position of the Senator from Alabama, the Senator from Alabama, for the purpose of the record and the parliamentary situation, made the point of order that rule XXII is not in effect and the Chair overruled that point of order. Then the Senator from Alabama took an appeal from that ruling in order to give the Senate an opportunity to say whether the Chair is right in, in effect, saying that rule XXII is in full force and effect. So he took exactly the opposite position from the position advocated for the purpose of parliamentary procedure by the Senator from Alabama.

Not being satisfied with a mere ruling from the Chair that rule XXII is in effect, and that is what the overruling of the point of order constitutes, he wanted to get an expression from the membership of the Senate. So the Senate by unanimous vote, including the vote of the Senator from Alabama, has said that the ruling by the Chair was correct when the Chair said that it is wrong to say that rule XXII is not in full force and effect.

So the Chair has finally accommodated the Senate by stating its views with respect to rule XXII. I am delighted that this ruling has been made, and the Senator from Alabama hopes that the distinguished President of the Senate will be advised of this point of order and the overruling by the Chair of the point of order, and that he, too, will take the same position as to rule XXII now being in effect as to all matters on which debate has not heretofore been limited. That would apply specifically to Senate Resolution 4 because no action whatsoever has been taken on that.

I reserve the remainder of my time.

Mr. MONDALE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONDALE. Am I correct that the Presiding Officer——

The PRESIDING OFFICER. Will there be quiet in the Senate so the Chair can hear the Senator from Minnesota?

Mr. MONDALE. Did the Presiding Officer simply rule that rule XXII had been invoked? Was that all that the Presiding Officer ruled? Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. MONDALE. The Presiding Officer also ruled, as I understood it, that no other rights that exist, including those under unanimous consent, were waived as a part of this point of order; is that correct?

The PRESIDING OFFICER. That was raised as a parliamentary inquiry earlier, but it was not part of the point of order.

Mr. MONDALE. Mr. President, I yield myself 5 minutes.

Mr. President, the record of our proceedings are as clear as they could possibly be from the very day that this Senate convened. It was understood on January 14, and on several occasions since then, that those of us who were pursuing a change with Senate Resolution 4 did not lose our rights to pursue those changes, notwithstanding the fact that the first day of the session had expired or that intervening business had been undertaken, or that rule XXII was invoked on other matters. Our right to change that rule flows from the Constitution, article I, section 5. The Senate has repeatedly voted to sustain our right to do so. Those who oppose the right of the Senate to assert its authority under the Constitution to change its rules at the beginning of each session try to do so with resort to rules which were developed not in this Congress but in previous Congresses, and seek to sustain the position that if you were in the Senate in 1959 you could somehow bind the Senate in 1975.

We reject that. There have been no waivers. I put in the RECORD earlier that on two, three, or four occasions there have been unanimous-consent agreements. Yesterday there was a unanimous-consent agreement entered into with the acquiescence, incidentally, of the Senator from Alabama (Mr. ALLEN) which stated that immediately after the conclusion of the railroad bill we would resume the business on the amendments of Senate Resolution 4; namely, the change in our rules. Therefore, it is as clear as it could possibly be that the Senate stands by the principle that the majority has the right to change its rules and that none of us has lost his rights to do so as we proceed under that unanimous-consent agreement.

Mr. JAVITS. Mr. President, I think the moment has come now, as Senator MONDALE has already indicated, to lay out what is the policy and the principle which we, who are for this rules change, are following——

Mr. ROBERT C. BYRD. Mr. President, I ask for regular order.

The PRESIDING OFFICER. Regular order having been demanded, the debate must be germane to the pending motion.

Mr. JAVITS. Mr. President, the pending motion is with reference to railroad financing. Mr. President, I am addressing myself to that issue because in this instance, and in other instances, railroad financing, or any other kind of financing, may prove to be impossible unless we have some way of bringing any matter to a vote in this Senate. To show its relevance and germaneness, we have just made it possible to vote on railroad financing in danger of railroad closing by voting cloture. Therefore, in all respect to the Chair and the Senator from West Virginia, it is very pertinent to address oneself under the rule of germaneness to the occasion on which this Senate may, in a critical situation, enable itself to perform its duty. That is all that I am addressing myself to at this time.

Mr. ROBERT C. BYRD. Will the Senator yield for a parliamentary inquiry?

Mr. JAVITS. I yield.

Mr. ROBERT C. BYRD. What is the pending business before the Senate?

The PRESIDING OFFICER (Mr. HELMS). The business before the Senate is a motion to agree to the House amendment to S. 281.

Mr. ROBERT C. BYRD. I ask for regular order.

The PRESIDING OFFICER. Regular order having been demanded, Senators may speak only to that question.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Is it germane to address oneself to the issue of coming to a vote on this question?

The PRESIDING OFFICER. The Chair advises the Senator that the Senate has already voted to come to a vote on this question after 100 hours of debate at most.

Mr. JAVITS. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Is it germane to discuss the general issues of railroad financing or the ability to finance failing railroads, with a view toward the contingency that this represents a precedent, that there may be other failing railroads, with respect to which we also will have to come to a vote?

The PRESIDING OFFICER. The Chair advises that if that matter is in the House amendment, of course, it would be germane.

Mr. JAVITS. Mr. President, one other point, and I shall not take very many minutes.

I must say it is rather anomalous—and I say this to the Senator from West Virginia—that an effort is made to prevent the discussion by me of a matter to which two speakers have already addressed themselves without any objection, particularly as I gave no indication whatever that I would take an inordinate amount of time, and I do not think I ever do.

Be that as it may, Mr. President, I will address myself to that part of the issue which the Chair has held to be germane.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield, without losing his right to the floor?

Mr. JAVITS. I yield.

Mr. ROBERT C. BYRD. Mr. President, I respect the observation that the distinguished Senator from New York has just made. I did not ask for the regular order until a proponent and an opponent had spoken. I thought that both Mr. ALLEN and Mr. MONDALE having presented their views, it was time then to ask for the regular order.

May I say that at 2:30 p.m. today, the Pastore rule will not be in further effect.

Mr. JAVITS. That is a half hour from now. I hope the Senator will not require me to stall for a half hour, because I do not want to do that. Why do we not just say that I go ahead for 2 or 3 minutes? I have that short a time in which to explain what I have in mind.

I would not have risen, because I have great confidence in Senator MONDALE, who has carried the torch, so far as I am concerned, in this session and the previous session, with Senator PEARSON—a torch which I and Senator Douglas, Senator HART, Senator CHURCH, and Senator HATFIELD have carried for some years. But there is a point to be added, and that point relates to that section of our rules which is rule XXXII——

Mr. ROBERT C. BYRD. Mr. President, I have to ask for the regular order. I am sorry to do this against the Senator from New York, but I have already explained that I did not do it against the Senator from Alabama; therefore, I felt that I ought not do it against the Senator from Minnesota. Beyond that, I think we should stick to the business until the time for the Pastore rule of germaneness has expired.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum, on my time.

The PRESIDING OFFICER. The clerk will call the role.

The second assistant legislative clerk proceeded to call the roll.

Mr. WEICKER. 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. WEICKER. Mr. President, I wonder if I might inquire of my colleagues——

The PRESIDING OFFICER. The Senator will suspend. The Senate is not in order. The Senator will not continue until the Senate is in order.

Mr. JAVITS. Mr. President——

The PRESIDING OFFICER. The Senator from Connecticut has the floor.

Mr. WEICKER. Mr. President, I wonder if I might inquire of my colleagues as to what the chances are of bringing the matter of the Penn Central to a vote—if not now, in the very near future. Not being involved in the other controversy, I should like to see if I could invoke some sort of a response on this question, as to whether or not we can go to a vote or whether there is going to be considerable debate and parliamentary maneuvering.

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

Mr. WEICKER. I yield.

Mr. JAVITS. Mr. President, I agree with the Senator from Connecticut; and now that I have had an explanation from the Senator from West Virginia, I agree with him. We should get to a vote on this. I believe there will be an opportunity to elucidate my position in due course. So, Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the motion. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. HARRY F. BYRD, JR. Mr. President——

The second assistant legislative clerk proceeded to call the roll, and Mr. ABOUREZK voted in the affirmative.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. MONDALE. Regular order, Mr. President.

The PRESIDING OFFICER. The Senator is recognized.

Mr. HARRY F. BYRD, JR. Mr. President, I yield myself 10 minutes, and I plan to discuss the issue at hand.

Mr. WEICKER. Mr. President, will the Senator yield? I in no wise wanted to cut him off. He has been in the Chamber during the debate and has addressed his comments to the Penn Central matter.

Mr. HARRY F. BYRD, JR. I fully understand.

Mr. ROBERT C. BYRD. Furthermore, he stated to the Senate yesterday that he desired to have something to say on the matter pending. He was attempting to get recognition before the rollcall was responded to.

Mr. HARRY F. BYRD, JR. I thank the Senator. I shall not be long. I yield myself 10 minutes.

The PRESIDING OFFICER. The Chair is going to insist on order in the Senate. The Senator will suspend.

Senators will take their seats or take their conversations to the cloak room.

The Senator may proceed.

Mr. HARRY F. BYRD, JR. Mr. President, the Senate is faced with a difficult situation in regard to the Penn Central Railroad.

No one wants to have the Penn Central cease to operate; but, on the other hand, there is the grave question of national policy involved.

Mr. President, may we have order?

The PRESIDING OFFICER. The Chair begs the indulgence of all Senators and the galleries. We must have complete order in the Senate, and we will have it before the Senator proceeds.

The Senator may proceed.

Mr. HARRY F. BYRD, JR. Mr. President, this matter first came up in 1970. The Senate debated it at some length on December 30, 1970.

At that time, the Senator from Virginia made the assertion that, in his judgment, enactment of that legislation, of the appropriation, would be a bottomless pit for the American taxpayer.

The able Senator from Connecticut, one of the managers of today's bill, stated on the floor of the Senate this morning that, in the context of the development of a national railroad system, the appropriation of $347,000, which is involved in the measure which the Senate will vote on, is pouring money down a rathole, and I agree. I agree with that. That is why I find it very difficult to support such legislation.

Mr. President, I want to correct the RECORD. I misspoke myself. I said "$347,000," and I meant $347 million. I could understand myself making a mistake the other way, but I do not know how I could ever figure that the Senate would ever bother with a sum of $347,000. [Laughter.]

I want to give some financial history. In 1970, H.R. 19953 was enacted. That provided $125 million in guarantees. In 1973, H.R. 9142 was enacted. That provided grants of $85 million and guarantees of $150 million.

In addition, that 1973 act authorized these amounts: operating subsidies, $180 million; design of new system, $43 million; labor protection, $250 million. Those figures add up to $473 million.

So the grand total of the sums authorized to date and proposed for authorization in the pending bill is $1,180,000,000.

Moreover, the $150 million in loan guarantee authority in the 1973 act is only an interim guarantee authority, to be charged against a total authority of $1.5 billion for the long-term reorganization.

Thus, the total potential commitment, Mr. President, is $2,553,000,000.

The pending legislation—and incidentally, I voted to invoke cloture so that the matter could be brought to a vote today, even though I am opposed to the legislation. The pending legislation provides for a total of $347 million. This is $72 million more than the Senate approved on January 29.

Another aspect of this matter that gives the Senator from Virginia a great deal of concern is that the Penn Central conglomerate has huge assets.

In the debate of 1970, it was stated by both the distinguished Senator from Indiana (Mr. HARTKE) and the distinguished Senator from Rhode Island (Mr. PASTORE) that the assets of the Penn Central conglomerate were somewhere between $4 billion and $7 billion.

No one knew exactly how much.

Now, this morning, in debating the pending measure, the Senator from Virginia put the question to the distinguished Senator from Indiana (Mr. HARTKE), the manager of the bill, as to the best estimate he could give—and we all realize it can be only an estimate—as to the assets of the conglomerate.

The distinguished Senator from Indiana replied and emphasized that it was only an estimate and that it could be less, but the figure he gave was $14 billion.

Well, whether it is $14 billion or $7 billion or $4 billion or somewhere in between, there are tremendous assets which will go to somebody.

I submit that before we pour more money down this rathole, Congress ought to know more about those assets, and before the taxpayers are called upon to put up their money, those assets should be utilized.

For the reasons I have enumerated, Mr. President, I shall vote in opposition to the pending legislation further to bail out this bankrupt company.

There are 10,000 or 12,000 bankruptcies every year. Where do we stop bailing out bankrupt companies with the tax funds of the American wage-earner.

As I say, while this company is technically bankrupt, it is admitted by all sides——

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. HARRY F. BYRD, JR. I yield myself 3 minutes.

It is admitted by all sides that there are tremendous assets running into the billions of dollars.

Mr. President, at this point, I ask unanimous consent to have printed in the RECORD the debates on the original Penn Central legislation, which took place in the Senate on December 30, 1970, and also, a statement I made in the Senate on July 26, 1973.

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

Mr. BYRD of Virginia. Mr. President, I find this legislation a very difficult one on which to pass judgment.

We are faced with a very difficult situation. No one wants the Penn Central Railroad to cease to operate. On the other hand, there is a grave question of national policy involved—a new policy and one which can have far-reaching consequences.

I would like to address several questions, if I may, to the distinguished Senator from Indiana.

First, in reading the committee report, I find a number of letters from various govern-

mental officials, but they seem to refer to legislation other than the particular bill under consideration. Am I correct in that?

Mr. HARTKE. The Senator is basically correct. What happened was that the administration submitted a recommended bill to lend money to the railroads before the Penn Central went into reorganization. Before the bill was actually introduced and before hearings were conducted, the railroads entered reorganization. The strike threat occurred in December, then there was a wage increase, which precipitated the action which is being taken at this time.

The bill itself was worked out by the committee at a very late date. It has the endorsement of the Department of Transportation and it has been passed by the House of Representatives.

Mr. BYRD of Virginia. I thank the Senator.

In the letter from the Assistant Comptroller General he mentions that the bill then under consideration used the figure $750 million. Was the original proposal to permit loans up to $750 million, or guarantee of loans up to $750 million?

Mr. HARTKE. The administration bill requested that the committee authorize the guaranteeing of loans up to $750 million without any restrictions as to the railroad's condition and without any requirement that the railroad be in reorganization.

Mr. BYRD of Virginia. Who submitted that bill?

Mr. HARTKE. That bill was submitted on behalf of the administration.

Mr. BYRD of Virginia. Was it submitted by the Interstate Commerce Commission or the Justice Department?

Mr. HARTKE. By the Department of Transportation. It was introduced by the ranking minority member of the committee on request of the Department of Transportation.

Mr. BYRD of Virginia. The bill under consideration at the moment is H.R. 19953. I assume that that is precisely the same as S. 4595.

Mr. HARTKE. For all intents and purposes it is, with the exception of some minor technical amendments.

Mr. BYRD of Virginia. There is no basic difference in the two?

Mr. HARTKE. There is no basic difference in the two.

Mr. BYRD of Virginia. I have not had an opportunity to study H.R. 19953, but I did have an opportunity to study S. 4595 and it seems to me it is a very well drawn proposal and has incorporated in it restrictions which, in my judgment, should be in legislation of this type if we are being to pass legislation of this type. I think the committee did an excellent job in preparing the bill and in writing restrictions into the bill, assuming it is wise to pass such legislation.

Mr. HARTKE. I thank the Senator from Virginia for saying that. Let me point out to him that what we wanted in this bill was to have it as tightly drawn as possible. We had the interest of two groups in mind: the U.S. taxpayers and the user of the railroad's service. So the prime purpose of the bill is to lend money to run the railroad. Assistance would go only to railroads that were in reorganization and where cessation of service was imminent.

Mr. BYRD of Virginia. This proposal would permit Government guaranteed loans up to $125 million?

Mr. HARTKE. That is correct.

Mr. BYRD of Virginia. And that $125 million could go to one railroad or to several or more railroads?

Mr. HARTKE. The Senator's statement is correct.

Mr. BYRD of Virginia. What about the interest on those loans? Who is to pay the interest on the loans?

Mr. HARTKE. It is a guaranteed loan. The debtor pays the interest.

Mr. BYRD of Virginia. The loan itself will be made through commercial sources?

Mr. HARTKE. The loan would be made by a commercial enterprise. The loan itself would be approved by the Department of Transportation. The interest would be in addition to the actual loan itself.

Mr. BYRD of Virginia. Then, we are not dealing with $125 million; we are dealing with $125 million plus the interest on $125 million?

Mr. HARTKE. Plus the interest; that is correct.

Mr. BYRD of Virginia. Which the Government will pay to a commercial enterprise——

Mr. HARTKE. The Government payment would be only in the event of default. The Government will not make any payment unless there is a default. What it is making is a guarantee of the loan.

Mr. BYRD of Virginia. Who pays the interest?

Mr. HARTKE. The railroad.

Mr. BYRD of Virginia. The railroad will pay interest on the loan until it comes in default?

Mr. HARTKE. That is right.

Mr. BYRD of Virginia. And then if it comes in default, the Government pays the interest as well as the principal?

Mr. HARTKE. That is right. It has responsibility for the loan and it would assume all the rights and obligations of the original debtor.

Mr. BYRD of Virginia. But until the loan is in default, the interest is paid by the railroad itself?

Mr. HARTKE. That is right.

Mr. BYRD of Virginia. Did I understand the Senator from Indiana to say, or perhaps it was the Senator from New Hampshire or the Senator from Kentucky, that the ICC has already made a $20 million——

Mr. HARTKE. No, I want to correct that.

I have here a recapitulation of the total amount of guaranteed loans, and I ask unanimous consent that the entire list be printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD.

LOAN GUARANTEE APPLICATIONS APPROVED

Railroad	Number of applications	Total amount guaranteed
Boston & Maine	5	$9,000,000
Central of New Jersey	2	20,000,000
Chicago & Eastern Illinois	2	14,800,000
Erie-Lackawanna	1	15,000,000
Georgia & Florida	2	1,934,950
Lehigh Valley	5	21,823,000
Missouri-Kansas-Texas	3	34,000,000
Mason	2	10,500,000
Penn Central (formerly New York Central)	1	40,000,000
New Haven	4	23,159,400
New Haven trustees	2	12,500,000
New York, Susquehanna & Western	2	855,000
Norfolk Southern	2	7,300,000
Pittsburgh & West Virginia	2	3,000,000
Reading	1	30,000,000
Total	36	133,971,350

LOAN GUARANTEE APPLICATIONS STATEMENT SHOWING FOR APPROVED APPLICATIONS THE TERM OF GUARANTEE, RATE OF INTEREST, AND PURPOSE OF LOAN

Finance Docket No.	Railroad	Amount approved	Term of guarantee (years)	Date of final maturity	Rate of interest (percent)	Purpose of loan
20429	Boston & Maine	$3,000,000	15	Dec. 1, 1974	5	(1).
21865	Do	3,000,000	15	July 1, 1975	5	(1).
21615	Do	1,000,000	6	July 1, 1965 [3]	4⅞	(1).
22231	Do	1,000,000	15	Oct. 15, 1977	5	(1).
22839	Do	1,000,000	8	July 1, 1966 [3]	4¾	(1).
	Total	9,000,000				
21555	Central of New Jersey	15,000,000	15	July 1, 1976	5	(1).
22640	Do	5,000,000	15	Dec. 1, 1978	5	(1).
	Total	20,000,000				
21210	Chicago & Eastern Illinois	3,000,000	15	July 31, 1975	5¼	(1).
22361	Do	11,800,000	15	Dec. 31, 1977	5	(1).
	Total	14,800,000				
21494	Erie-Lackawanna	15,000,000	15	June 1, 1976	5¼	(1).
	Total	15,000,000				
20517	Georgia & Florida	934,960	10	Dec. 31, 1970 [3]	5	(1).
20518	Do	1,000,000	10	Dec. 23, 1970 [2]	5½	(1).
	Total	1,934,960				
20760	Lehigh Valley	5,923,000	15	Aug. 1, 1974	5,0059	(1)
21300	Do	5,000,000	15	June 15, 1975	8½	(1).
21539	Do	2,500,000	4	May 17, 1970	6	(1).
21776	Do	5,000,000	15	Nov. 1, 1976	4¼ and 5	(1).
22339	Do	3,400,000	15	May 1, 1977	4¼	(1).
	Total	21,823,000				
21454	Missouri-Kansas-Texas	15,000,000	15	May 1, 1976	5	(1).
21552	Do	6,000,000	15	June 1, 1976	4¾	(1).
22577	Do	12,000,000	15	June 1, 1978	5⅜	(1).
	Total	34,000,000				

Note: Table incomplete.

INTERSTATE COMMERCE COMMISSION, BUREAU OF ACCOUNTS, SECTION OF FINANCIAL ANALYSIS—PT. V LOANS RECONCILIATION OF DIFFERENCES IN AMOUNTS FOR SAME ITEMS SHOWN IN ANNUAL REPORT (SCHEDULE 6) TO TREASURY DEPARTMENT AND STATEMENTS FURNISHED BUREAU OF BUDGET BY BUDGET AND FISCAL OFFICE

Railroad	Amount of loan outstanding as of June 30, 1970			
	Treasury report	Statement to Bureau of Budget	Items in Budget statement which are under or over amounts for similar items in Treasury report	
			Under	Over
Boston & Maine	$3,216,667	$3,216,667		
Central of New Jersey		15,075,573		[1] $15,074,573
Chicago & Western Illinois	6,838,996	6,838,996		
Erie-Lackawanna	12,000,000	12,000,000		
Lehigh Valley	11,285,000	11,285,000		
Missouri-Kansas-Texas	30,040,000	30,040,000		
Monon	7,450,000	7,450,000		
New Haven	2,719,800	15,409,032		[1] 12,689,232
New Haven Trustees	12,500,000	12,500,000		
New York, Susquehanna & Western	229,300	229,300		
Norfolk Southern	$5,800,000	$5,800,000		
Penn Central (formerly New York Central)	16,900,000	16,900,000		
Pittsburgh & West Virginia	600,000	600,000		
Reading	28,000,000	28,000,000		
Total	137,579,763	165,344,568		$27,764,805
Difference	27,764,805			

[1] Explanation: Amount paid by United States upon default—no further contingency—therefore not included in Treasury report. Amounts applied against principal of loan in finance docket No. 20398 as result of settlement between Department of Justice and Trustees, and amounts applied against principal of unsecured loan in finance docket No. 21299 as a result of settlement of certain claims. Amounts applied against principal of Central of New Jersey loans as a result of income received on collateral and proceeds from maturing Treasury bills.

Difference:	
New Haven	+$14,375,000
Finance docket No. 20398	1,057,868
Finance docket No. 21299	627,900
Total	−1,685,768
Net, New Haven	+12,689,232
Central of New Jersey	+16,995,000
Financial docket No. 21555	$1,583,517
Financial docket No. 22640	335,910
Total	−1,919,427
Net, Central of New Jersey	+15,075,573
Net total	+27,764,805

Note: The above differences are due to the fact that the Treasury report (schedule 6, "Supplementary Statement of Commitments and Contingencies") shows the contingent liability of the United States as of the date thereof whereas the statements furnished Budget include the unpaid balance on defaulted loans of New Haven and Central of New Jersey which are still a debt due the United States (even though the lenders have been paid through supplement appropriations). Such defaulted loans are excluded from the Treasury report since they are no longer a contingent liability of the United States.

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

Mr. BYRD of Virginia. I yield.

Mr. COOK. The point I was trying to make was that the Penn Central Railroad at the time it went into receivership was the recipient of a title V loan from the ICC. I think the original principal of that loan was $40 million or $50 million. It had paid the loan down to some $19 million-plus as of the time it filed in receivership. The ICC was notified by a group of New York banks that it was holding the U.S. Government responsbile for the balance of the loan.

Mr. BYRD of Virginia. I thank the Senator.

Am I correct in assuming that if the entire $125 million is loaned to the Penn Central, the Penn Central will owe the Government the $125 million plus the $20 million which was guaranteed by the ICC?

Mr. HARTKE. The law does not provide that assistance will go to the Penn Central. It is not required that a loan of $125 million be made by the Department of Transportation, although, I want it clearly understood, there is nothing in the bill which would prevent any loan in that amount being made. Any outstanding loan presently made under title V of the Interstate Commerce Act of 1958 would be in addition to any loans made under the provisions of this act.

The act of 1958 has expired.

Mr. COOK. Mr. President, if the Senator will yield, I think it is only fair to say also that the ICC is a creditor, a secured creditor by reason of its mortgage, in the receivership proceedings under chapter 77. As a matter of fact, I am of the opinion that they had five mortgages, including all of the equipment of the railroad, I am not sure, as opposed to all of the assets of the railroad other than the rolling stock and fixtures. But I think the point that the Senator from Indiana is making, first of all, is that this $125 million includes all of the railroads that are presently in receivership that would qualify.

Mr. BYRD of Virginia. That is correct; I understand that.

Mr. COOK. I think the testimony was that the Penn Central could really get along on $64 million. Is that not correct?

Mr. HARTKE. $62 million to $64 million.

Mr. COOK. And I would have to say that the $20 million under the previous title V loan is a secured claim in receivership, under the chapter 77 action already in the courts.

Mr. BYRD of Virginia. I thank the Senator from Kentucky.

Let me ask the Senator from Indiana this: Is it not true that the Penn Central has assets of a value of between $5 billion and $6 billion?

Mr. HARTKE. It has assets. The value of those assets is certainly open to question. The estimates have been between $4 billion and $7 billion, depending on who makes the estimate, and when. But there is no question that they hold assets other than railroad assets in large amounts, all of which are severely mortgaged.

Mr. BYRD of Virginia. The Penn Central has assets of billions of dollars, somewhere between $4 billion and $7 billion?

Mr. HARTKE. Yes. Let me make clear, I do not want to exercise any judgment. We tried to find out from the trustees. They are attempting to place what they consider a reasonable value on those assets, also. Some of the assets are of a nature that has value only to a railroad as an operating corporation. Other assets include land holdings such as the Southwest Corp. or Vita Corp. They hold an interest, for example, in Madison Square Garden.

Mr. BYRD of Virginia. All of those are valuable assets. The Great Southwest Corp, owns land in Texas which is a very valuable asset.

Mr. HARTKE. There is no question that it is a very valuable asset, but it is severely encumbered.

Mr. BYRD of Virginia. Let me ask this: Is the Penn Central on a calendar year basis or a fiscal year basis?

Mr. HARTKE. I am sorry, I cannot give that information to the Senator.

I am informed they are on a calendar year basis.

Mr. BYRD of Virginia. Does the Senator from Indiana or the committee have figures which show the profits of the Penn Central in previous years?

Mr. HARTKE. Yes, we have all those. Those have been presented as a result of the hearings.

The real cause of the financial condition which led to the failure of the bond issue early this year was the bad return for the first quarter of 1969.

Mr. BYRD of Virginia. I am interested, though, in the——

Mr. HARTKE. Let me say also that we have great difficulty in making any definitive assessment of the profit and loss structure. Mr. Wirtz, who is one of the trustees under reorganization, testified that the accounting procedure produced information which had very little relation to the truth.

Mr. BYRD of Virginia. Does the committee have, and could the Senator state to the Senate, the profits or losses, as the case may be, for the Penn Central since it became the Penn Central, and prior to that, going back, say, just to pick a figure, to 1960, 1961, or 1962, the profit and loss on both the Pennsylvania Railroad and the New York Central?

Mr. HARTKE. We can obtain those.

Let me say again that we feel at this moment we have gone into it in depth. We have the financial statements as they were filed, which could be made available to the Senate. But I wish to say also at this time that those financial statements unfortunately, according to statements of the trustees under reorganization, are not of the character which is considered most reliable, even though they were filed with the Interstate Commerce Commission, and even though the instance, the Penn Central stock—I am taking this from memory, but I think at one time it was up to 87.

Mr. BYRD of Virginia. Were they not filed with the Internal Revenue Service?

Mr. HARTKE. Yes, they probably were.

Mr. BYRD of Virginia. And the Securities and Exchange Commission?

Mr. HARTKE. Yes.

Mr. BYRD of Virginia. The railroads must have been profitable because the stocks, for instance, the Penn Central stock—I am taking this from memory, but I think at one time it was up to 87.

Mr. HARTKE. I wish to point out, as I did when the Senator was not present, that there are several unanswered questions regarding the Penn Central merger. Before the merger, the New York Central was beginning to move

out of its financial crisis. It was able to meet most of its current obligations without much difficulty. In other words, it was reasonably healthy. The Pennsylvania Railroad, on the contrary, was losing money during that same period of time, and it was basically a sick company and very short of cash.

The merger of those two operations resulted in a substantial increase in the market value of the stock. It did go up to over $80 a share, but that was probably based at least partly on speculation, certainly based partly upon reports which, at this moment, are open to question. Up to this time even the trustees in reorganization have not been able to unravel the situation.

A complete investigation of this matter has not been possible up to this time, and it is important to remember that management is no longer in control.

I would like to make another point which has been missed in the discussion here: There are groups of people who would prefer liquidation of this railroad. The Penn Central Co., which is the holding company, requested that we not proceed with this legislation. Very simply, an operating railroad which returns nothing on the investment may be less valuable to the stockholders and the holding company than a railroad which ceases operation. Of course, it would perform no service, but the fact remains that the stockholders and the holding company might be in a better position by having the liquidation and getting a part of their investment out of the liquidation.

There is also the idea on the part of some stockholders and some other people that nationalization would provide an alleviation of the stockholders' and the creditors' difficulties, in that they feel there would be a moral obligation, or even a legal obligation, requiring that after nationalization, if it did occur, the Government would make those investors whole. To a great extent, there are some of us who feel that the management and some of the creditors are certainly not entiteld to be made whole, because of their prior folly.

Mr. BYRD of Virginia. When did the merger take place between the New York Central and the Pennsylvania?

Mr. HARTKE. It was scheduled for 1965, if I am not mistaken, and it was consummated, I think—the merger proceedings began in 1965, and it did not actually go into effect, I think, until 1968 or early 1969. I shall have that for the Senator in a moment.

Mr. BYRD of Virginia. Then the operation for the year 1968 was a profitable operation?

Mr. HARTKE. That is hard to say. It was reported as being profitable.

Mr. BYRD of Virginia. Well, do we not have to, unless we can prove the figures wrong, go by the official figures that are submitted?

Mr. HARTKE. No; too many of the figures have already ben repudiated.

Mr. BYRD of Virginia. Repudiated by whom?

Mr. HARTKE. By the trustees in reorganization. The trustees in reorganization put very little value upon the bookkeeping procedures prior to their taking over.

The merger occurred in February 1968, that is when it was actually consummated.

Mr. BYRD of Virginia. What profit did the railroad show for 1968?

Mr. HARTKE. I do not have that.

Mr. BYRD of Virginia. The Senator does not have that?

Mr. HARTKE. I do not have that here.

Mr. BYRD of Virginia. Is it not correct that companies which are listed on the New York Stock Exchange or the American Stock Exchange—even over-the-counter stocks, for that matter—have to file detailed statements with the Securities and Exchange Commission?

Mr. HARTKE. Yes. They file with the ICC, too.

Mr. BYRD of Virginia. Also, in this case, with the ICC.

Mr. HARTKE. Yes. I do not have those.

Mr. BYRD of Virginia. Despite that, there is a view among the trustees that the figures submitted to the SEC and to the ICC were inaccurate.

Mr. HARTKE. The statement made by the trustees in the committee hearings was to the effect that those figures bore very little relation to the truth.

Mr. BYRD of Virginia. Frankly, I do not know how I would vote on this legislation if the roll were called right now. I think it is a difficult question to decide.

What I am trying to understand is this: Here is a company, or two companies, which at one time was profitable. The company now has assets of between $4 and $7 billion. Yet, the taxpayers are being called upon to bail them out to the extent of $125 million.

Mr. HARTKE. Let me say to the Senator that this is not just a unique situation with the Penn Central, although the Penn Central was probably the most aggravated and the most outstanding due to the fact that the Penn Central is the largest transportation company in the United States and the largest railroad system in the United States.

Two factors are involved. One is the question of profit and loss. Because part of the profits were paper profits and part of the revenue, even with the Great Southwest Corp., was reflected as profit but now is being written off as a loss. Second, that management is no longer there. Although I think there is no question that the entire operation of the Penn Central needs to be reviewed in depth, the old management is no longer there. We are talking here, as has been said many times before, about assisting not management, but trustees responsible under law to a Federal court.

As of now, the stockholders themselves are not in control of the operation. The creditors are in either a secured or unsecured position. Even some of the tax payments of the Penn Central to local communities throughout the Nation have been ordered held in abeyance by the court. The entire operation now is under the control of the court.

I point out that this bill is not intended to benefit and, hopefully, is drawn in a fashion in which there would be no benefit whatever to the stockholders or to the prior management or to anyone of that nature. We are attempting here, as I said earlier—and that is the sole concern—to provide for a service which is needed in the national interest.

Mr. BYRD of Virginia. I understand fully in that regard. But the fact is that, whether it is controlled by the court or controlled by the previous management or controlled by the stockholders, those assets are still there.

Mr. HARTKE. The figures the Senator has asked for are available in the committee. We have them on file with the committee. But they are of very little value to us now.

So far as the assets are concerned, the assets of the holding company or of the railroad company itself—the holding company is not in reorganization at the present time. Only the transportation company is in reorganization. The court and the trustees have attempted to get at every available bit of cash and every asset. They are attempting to dispose of nonrailroad assets.

So far as the final analysis is concerned, there is no question that this bill is drafted in such a fashion that the railroad would be required, before it would be able to obtain a loan, to make sure that all those assets would be used to the fullest extent possible to provide necessary operating cash.

Mr. BYRD of Virginia. If we are to have a bill, I like the way the bill is drawn.

I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on the bill.

The yeas and nays were not ordered.

Mr. BYRD of Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COTTON). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD of Virginia. 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. FULBRIGHT. Mr. President, I ask for the yeas and nays on the bill.

The yeas and nays were ordered.

Mr. HARTKE. I want to reiterate a point about the accounting procedures. The accounting procedures used by the company, as the trustees testified to us, tended to put the best light on everything. Those are their own words. The assets, of course, were valued at a figure which was most attractive so far as the public is concerned—not necessarily false, but, as I said, to make it appear that the railroad was in sound financial condition.

Mr. BYRD of Virginia. That is why the Senator from Indiana indicated that it was difficult to tell whether the assets were $4 billion or $7 billion or somewhere between.

Mr. HARTKE. I do not want to make the statement that the value is between $4 and $7 billion. It has been estimated that they have a value between $4 and $7 billion. For example, what is the value of Madison Square Garden if it went on the block tomorrow? I do not know. We might be able to say what its cost was originally. But the Penn Central has a 25-percent interest in Madison Square Garden. This is not something one can trade every day in the marketplace.

Mr. BYRD of Virginia. The bill as drawn impressed me as being well drawn and a bill calculated to protect the taxpayers to the greatest extent possible. It is not the bill itself that concerns me as much as it is the policy we may be establishing here and what is going to come after this.

As I recall, the distinguished Senator from Indiana mentioned earlier in the debate that the Penn Central—I believe he said the Penn Central, rather than all the others, not counting the other roads—the Penn Central alone will need between $400 million and $450 million in the next 3 years. Am I correct in my understanding?

Mr. HARTKE. The Senator is correct.

Let me elaborate on that. I want to comment upon this in regard to what the Senator from Arkansas has said. So far as establishing a precedent is concerned, this does not establish a precedent, if we refer to title V of the act of 1958. Under that act there was loaned $243 million. The Interstate Commerce Commission administered the guarantee provisions.

Mr. BYRD of Virginia. How much of that has been paid back?

Mr. HARTKE. A great deal of it has not been paid back. Some of it is actually in default.

I think it is only fair for the Senate to know that the entire transportation industry of this Nation is on the verge of collapse—financial collapse.

Mr. BYRD of Virginia. The Senator is speaking now not just of railroads but also of the airlines?

Mr. HARTKE. I think the airlines, the trucking industry, the railroad industry—all of them. We have a transportation crisis of major proportions on our hands, which is not being met; and I might say that I think too little attention is being given to it.

I think the strike itself, which was diverted by a 1-o'clock-in-the-morning decision, is a forerunner of some of the things we are going to have in the future. I am not

talking about labor trouble or lack of labor settlements alone. I am talking about the financial condition of these transportation companies. Their primary concern is lack of available cash, the so-called cash flow. When they cannot pay their employees, no matter whether they have assets by the billions, when they do not have enough money on hand and cannot dispose of those assets in the marketplace, they have to go into bankruptcy; or, if they are a railroad, they go into reorganization.

I want it clearly understood that I insisted that the Interstate Commerce Commission report to us what railroads could have been eligible under the legislation to which the Senator from Virginia referred earlier, which was requested by the Department of Transportation, and which had an aggregate loan guarantee authority of $750 million. The ICC said there were 16 railroads in the United States which might have qualified under that provision. There are only four today which would qualify under the bill before us. This gives the Senator some idea of how severely limited this measure is. But I do not want the Senator from Virginia to be under a misapprehension. I do not want him to come back in March, April, or May and have him say to me, "Well, I thought we settled that matter in December." We are not settling the matter. We are bailing out the Penn Central in effect, and I think that should be clearly understood, because I am convinced, as are the trustees and as are many other people, that unless we do take this action—and I think the Senator from New Hampshire and the Senator from Vermont and others would agree—the Penn Central will cease operations on or about January 8. Some would have us, the Congress, make the finding that cessation of service is imminent. We are not making that finding. We are laying down the criteria. The Department of Transportation would have to make the finding under these guidelines.

Mr. BYRD of Virginia. I might say to the Senator from Indiana, who consistently throughout this debate has made it clear, that this does not solve the problem——

Mr. HARTKE. That is right.

Mr. BYRD of Virginia. That this is only one step in a possible long-range solution of the problem. The Senator from Indiana has made it clear that far more—at least I understood him to say—far more public funds will be sought by Penn Central, or by the trustees of Penn Central in the coming months.

That is the part that disturbs me more than does this particular bill. As I understand it, we are getting into what we might call a bottomless pit when we analyze, as the Senator from Indiana has done, and assuming he is correct in the way he has analyzed the difficulties of some of the transportation companies, there will be no limit to the amount of money the taxpayers may be called upon to put up.

Mr. HARTKE. I think that is a fair interpretation but I add this one thought, it is hoped that money would not all have to come from Federal sources. It is hoped that some of the assets to which the Senator has previously referred can be freed. The trustees have assured me that they will continue to do just that, to attempt to divest themselves of present assets which are not necessary to the operation of the railroad. Included with that would be the Great Southwest and Arvita corp.; but not many purchasers for those items are readily available in the marketplace.

Mr. BYRD of Virginia. They should utilize those assets of the corporation before they begin to call upon the taxpayers. The bill does not——

Mr. HARTKE. In substance it does.

Mr. BYRD of Virginia. In each case the Secretary shall consider the feasibility of requiring the railroads to dispose of nonrailroad assets as a condition of a guarantee—the feasibility——

Mr. HARTKE. There is a reason for that, that in some cases we might force them to divest themselves of an asset at a ridiculously low price as a condition precedent to obtaining a loan. The trustees have assured me that they will make every effort to make this railroad self-sustaining.

Now there is also the possibility that if the railroad were required to divest itself, after January, there would be no purchaser whatsoever, or the assets might go at 10 cents on the dollar. On the other hand, certain assets are necessary which might in the long-run cost the Government and the railroad more money in divestment than if the asset were held.

Mr. BYRD of Virginia. In reading the letter of November 23 addressed to the chairman of the committee by Mr. George M. Stafford, the Chairman of the ICC, he says this:

We cannot say with any certainty whether bankrupt carriers would find a market for trustee certificates in the absence of Government guarantees. However, we feel that absent such Government guarantees, the trustees certificates could properly only be marketed, if at all, at such exhorbitant interest rates and other conditions as to make them unacceptable.

I hope we will not adopt legislation merely because a railroad, or any other company, must go out into the marketplace and pay the normal interest rates. All interest rates are high these days.

Mr. HARTKE. The Senator raises a good point. This question was raised in the committee and raised in the hearings and we, as a result of an executive session, instructed the trustees to come back with a prospectus to issue certificates to see whether they could not go that final step. However, when the examination of this proposal was made, it was found that there would not be anyone who would be interested in buying the certificates, that it would incur a substantial additional expense just for preparation of what would appear to be a useless gesture.

Mr. BYRD of Virginia. Does the Senator from Indiana have any indication what interest rate might be paid on the Government-guaranteed loans?

Mr. HARTKE. I have no idea. I would imagine within the neighborhood of other guaranteed loans of the Government at the present time.

Mr. BYRD of Virginia. I realize the great problem which the committee is seeking to handle, and I am rather distressed that we have to consider a bill of this magnitude on the 30th day of December, just a few days before the end of this Congress.

But it seems to me that the ramifications of this are such that whatever we do, whether we approve or disapprove it, the ramifications are great.

If we approve it, we set a precedent for future great demands on the taxpayers, and the difficulties facing the transportation system may be very great if we do not approve the bill.

I want very frankly to say that I am in a quandary as to what to do in regard to it.

I do not like the idea of a great big company with all of the assets it has, coming to the taxpayers and demanding that the taxpayers bail them out to the extent of $125 million plus interest, if they are in default on their loans.

But I think this, as I have said before, but I want to emphasize it again, that if Congress is going into legislation of this kind, the bill brought in by the Senator from Indiana and approved by the committee of which he is a member seems to be as restrictive as it appears possible to make.

But I cannot get out of my mind the fact that this great company has tremendous assets. I do not see why it is not logical to dispose of some of those assets and not have them come to the taxpayers to ask for this amount of money.

Mr. HARTKE. I want to thank the Senator from Virginia for raising these questions. They are questions which are on the minds of practically every one of us. We are in the position of choosing not what is the best approach but rather what is the least evil. As of now, so far as I am concerned, I think it is a greater evil to have the whole railroad operation of the Penn Central system stop operating while we are in adjournment. We are about where we were on the railroad strike, about in the same spot, only in this case, the whole system goes down because there is no cash.

Mr. BYRD of Virginia. Is it not correct that the trustees have stated they could not operate this far, yet they have operated this far?

Mr. HARTKE. The trustees have never made this statement. This is part of the difficulty. The statement, of course, was made in the committee by a financial officer of the former operation, a financial officer who is no longer with the corporation.

Mr. BYRD of Virginia. Mr. President, everyone coming before a congressional committee says, "Unless you give us all we want, we cannot survive for more than 10 days." Every governmental agency says, "You must give us every dollar we ask for or we cannot survive."

I was wondering if these people were not in the same category.

Mr. HARTKE. Mr. President, if I thought for a moment that the Penn Central could survive as an operation and provide this service even until the next Congress convened, I would not be in the postion I am now of advocating the passage of this legislation today.

This is not something that I suggest. I am not happy to be here. I am here urging the Senate to pass this legislation based on the information available to me. I think that it is preferable to the other alternative. That alternative, in my opinion, is that we will have a major railroad system which will close its operation because it cannot meet the payroll roughly in the period after the first week of January 1971.

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

Mr. BYRD of Virginia. I yield.

Mr. BAKER. Mr. President, I say to the Senator from Virginia that I thoroughly agree with the recommendations made by the Senator from Indiana, bearing in mind—as I am sure the Senator does—that this railroad is operated by a panel of distinguished trustees who are not chosen by the railroad stockholders or even the railroad's creditors or the public, but are appointed by a U.S. District Court judge who had a very precise set of requirements and responsibilities under the terms of the statute.

By the same token, some very precise responsibilities devolve on the trustees by reason of the statute requiring them to report to the court whether or not they can or should continue the asset—in this case the railroad—as a going concern.

The most that we, or the Commerce Committee, can do is to accept in good faith the representations of these trustees. The trustees came to us within a day or two after Congress acted. They said that as a result of many factors, including the wage adjustment, their cash balance—not their assets—would go negative, as they put it in, say, the first week in January. No one can be precisely accurate in that respect. But it would be in early January.

The point is that those of us on the Commerce Committee feel that we ought to trust the judgment of these distinguished Americans who are the trustees. We have no alternative except to trust their judgment. They are there and are close to the event. They are under statutory obligation to in-

form the court and us according to their best judgment.

They told us that if we do not do this or something like this, they will have to close the railroad while we are home on vacation. Closing down the railroad would be a terrible mistake. It would leave the steam generating plants in the Northeast without coal. Closing the railroad while Congress was out of session would be unconscionable.

I join with the Senator from New Hampshire and the Senator from Indiana in being most reluctant to be in this spot. However, we find that we have no other realistic alternative.

Mr. BYRD of Virginia. Mr. President, I concur in the Senator's appraisal of the trustees. I think they are distinguished Americans. I know that they were appointed by the court.

I point out that practically everyone that comes before a congressional committee is a distinguished American. Most of them are appointed by the President. That does not mean that we must follow them blindly. To do so would be a great disservice to the taxpayers—the wage earners who supply the money the Government spends.

I admit the trustees are distinguished Americans. I think they are very outstanding Americans. I think that they have a tough assignment. That does not mean that they are correct.

I did not have the benefit of reading the testimony before the committee. I would like to read the testimony. Is the testimony available?

Mr. HARTKE. The testimony is available. It is not printed. It is in transcript form.

Mr. BYRD of Virginia. Mr. President, I would like to read the testimony. I assume, however, that I would not have time to read it before the Senate acts on the legislation. However, I would like to read the testimony because this is an important matter.

This is a matter of grave national policy and one which can have very far-reaching consequences on our taxpayers and our Government. I regret that the time element is such that the committee hearings have not been printed and distributed.

Mr. President, I thank the Senator from Indiana.

Mr. HARTKE. Mr. President, I thank the Senator for a very informative discussion.

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

Mr. HARTKE. I yield.

Mr. ERVIN. Mr. President, I commend the Senator from Indiana for the very frank exposition he has made of this bill and of the reasons which prompt the committee to bring this bill to the Senate.

I have gotten somewhat rusty on my knowledge of receivership law and reorganization law. This is a tragic situation. Am I not correct in saying this railroad—the New York Central and the Pennsylvania which merged under the name of the Penn Central—has more passengers to haul than any other railroad and has more freight to haul than any other railroad in the country?

Mr. HARTKE. Mr. President, the Senator is correct. This is the largest transportation company in the United States. A great percentage of the trade on the eastern seaboard is hauled either directly or indirectly by the Penn Central Railroad.

Mr. ERVIN. Mr. President, as I understand it, when the Penn Central Railroad was placed in receivership by the U.S. district court, the obligation of the Penn Central to make any payments other than current operating costs was stayed.

Mr. HARTKE. The Senator is correct. Not only were they stayed, but after the filing of the petition for reorganization, there was a petition on behalf of the trustees to stay the payment of property taxes to local communities.

This has caused hardship for many local communities. The financial condition of the railroad was that bad.

Mr. ERVIN. Mr. President, under the order of the court, the trustees must use every penny of the current revenue to pay the current operating expenses of the railroad.

Mr. HARTKE. All of the revenue must be used for the operation of the railroad. Very little of it is going for any other purpose.

We have an unfortunate situation in that the revenues have declined. Part of that decline is due to the fact that the service which they were supposed to be able to afford has not been possible under the present financial conditions of the railroad.

Mr. ERVIN. Mr. President, what reasonable hope is there of bailing the Penn Central out of its present situation except through continued aid from the taxpayers if the Penn Central cannot pay its current operating costs out of current receipts, since it has no other obligations it has to pay?

Mr. HARTKE. Mr. President, their present situation is such that it takes all the money they can collect to operate railroads from their receipts.

I want to make one clarifying point. They also pay off equipment certificates.

The difficulty here very simply is that if these certificates are not paid off, there is the right of repossession by the equipment owners. The railroad would then be without the equipment with which to run the railroad.

Mr. ERVIN. Mr. President, as I understand the Senator from Indiana, there is a corporation which has assets of an undetermined value precisely, but its assets are certain to exceed several billion dollars, and we are told they cannot even borrow up to $125 million on those assets.

Mr. HARTKE. They cannot borrow that much or anything like that much.

I think that it has been very well established, that the encumbrances upon the assets are of such a nature and the potential for repayment is so poor that private assistance is just not available.

Mr. ERVIN. But under the law the courts have authority to authorize the trustees to borrow money for the payment of current expenses and make the obligation incurred for those moneys a lien which takes precedence over all other expenses.

Mr. HARTKE. That is correct. This is exactly what would be authorized by the court and in turn guaranteed by the Federal Government, and those certificates, in view of all the evidence, are not now saleable certificates.

Mr. ERVIN. The committee is assured by the trustees, I take it, that notwithstanding the fact that they have the possession of assets worth several billions of dollars, and notwithstanding the fact that the court has authority under the law to make any obligation the trustees incur for current expenses take precedence over all other obligations, they cannot borrow $125 million under those circumstances.

Mr. HARTKE. Unfortunately, that is the situation.

Mr. ERVIN. The only way they can borrow money is that they have to come to an institution, namely the Federal Government, which already owes $383 billion, and which will have to spend $22 billion additional for payment of interest on that obligation, in order to get help.

Mr. BAKER. Mr. President, will the Senator yield on that point?

Mr. ERVIN. I do not have the floor.

Mr. HARTKE. The Senator from North Carolina has the floor.

Mr. ERVIN. No, the Senator from Indiana has the floor.

Mr. HARTKE. No, the Senator from North Carolina has the floor.

Mr. ERVIN. I yield to the Senator from Tennessee.

Mr. BAKER. Mr. President, I wish to add this observation to the answers to the inquiries of the Senator from North Carolina by the chairman of the subcommittee.

I inquired of the trustees, of some of the officers of the previous management, as to why, with assets of several billion dollars, loans could not be negotiated on even a short-term basis to meet current operating requirements. The trustees indicated that they had attempted, on a trustee certificate basis, to borrow money for these requirements that we are now concerned with.

I asked if my recollection of reorganization law was accurate in that trustee certificates, under the act, would be a first and prior lien on the assets of the bankrupt, superior to all claims except other costs of administration. The record of the hearings discloses they answered in the affirmative.

I asked them if it were not strange that with assets of several billion dollars, and the offer of a first lien on those assets, they could not borrow $125 million. They came back at a subsequent hearing and said that yes, it was strange but they could not do it for two reasons. One reason was that for money in that amount, would-be creditors, the lenders, were more concerned with how cash flow would be generated to permit debt service on the loan; and second, whether or not the railroads might be operated in such a manner that all assets were consumed in the cost of operation so that there would be nothing left with which to pay creditors.

The short version of that is, strange as it seemed to me and my colleagues, the trustees represented to us categorically and directly that even on a first-lien basis they had tried and had been unable to borrow the money without Federal guarantees.

Mr. ERVIN. It seems to me that what we are discussing is a matter of policy. The stockholders and creditors make their contributions for stocks, in capital stock, and in their loans to a company for the purpose of making a profit. Now, we have reorganization laws under which you can take one of these public utilities and squeeze everything out of it, all of the obligations. I hate to see things like that done. But between those who go in and buy stock in a corporation to make a profit, and those who make loans to a corporation for the purpose of making a profit, and those who are merely interested as taxpayers and have no take in it, it seems to me that it would be better to take that reorganization and let the loss fall upon the stockholders and creditors. I am talking about the old creditors. It would be better to do that than for the taxpayers to have to pick up the burden of private enterprise. I am not in favor of nationalization of the railroads. I think individuals can run anything better than the Government. I think individuals might be able to run the Government better.

I am not for nationalization but I think this business of everybody coming to the Federal Government to be bailed out of their financial worries is something we will have to face up to and I think the taxpayers are entitled to better representation in Congress than they get when Congress does those things.

Mr. HARTKE. This legislation provides no benefit to any creditor or any stockholder whose interest vested before the railroad went into reorganization. In fact, one of the conditions the legislation provides is that the certificates to which the Senator previously referred cannot be sold without a guarantee. That is a fact the Secretary must find. So this is not a benefit to a corporation. We are simply concerned with a simple fact of life. If what we believe is true, and I think it was the feeling of the committee members that it is true, the railroad is not going to be operating as a railroad the first week in January. The question is not whether you

are going to take no action and still have a railroad. There will be no railroad.

Mr. ERVIN. How long have they been in receivership?

Mr. HARTKE. They went into receivership in June.

Mr. ERVIN. This proposition would appeal to me a little more strongly if the trustees had come to Congress and first submitted a plan of organization which would have the tendency to make it certain that the railroad could operate in the future free from all accumulated debts of the past.

Mr. HARTKE. They are. They have no obligation to pay that.

Mr. ERVIN. No, but it has not been reorganized.

Mr. HARTKE. No, there has not been a reorganization. That is not an easy matter.

Mr. ERVIN. I realize it is not an easy matter.

Mr. HARTKE. These trustees have been with this committee almost on a week-to-week if not day-to-day basis. I think they are doing the best they can to keep the railroad running. They have not asked for a handout, but only as a matter of last resort they have asked for the guarantee of a loan. I happen to prefer the direct loan but that has nothing to do with the basic question.

The question is, Are we going to have a railroad called the Penn Central operating in January, 1971? It is my opinion we will not unless this legislation passes. We will not provide any benefit to the old management, the old corporation, the old creditors, or stockholders or anyone else. We are trying to keep the coal going in the generating plants, the merchandise moving, and 40 percent of the railroad passenger service moving.

Mr. ERVIN. Do we have any reasonable hope or expectation—sometimes hope exceeds expectation—that if we pass this bill the Penn Central trustees will not be back in March?

Mr. HARTKE. To the contrary I want to make clear that we can expect them back and should expect them back, and I hope everyone understands this is not a panacea and it is not a cure-all. This is emergency legislation to keep the railroads going while Congress is in recess. That is all it is.

Mr. BYRD of Virginia. Did I understand from the Senator's reply to the Senator from North Carolina, which was similar to his reply to the Senator from Virginia, that the railroad cannot reasonably be expected to become self-sustaining under this legislation?

Mr. HARTKE. This legislation will not do that, and there should be no impression to the contrary. No one that I know of even contends that this legislation is going to make the railroad self-sustaining. Every evidence is to the contrary.

Let me reiterate what I said to the Senator from Arkansas. The trustees have said they are going to need approximately $450 million to keep them going in the next 3 years. That is to keep the operation going. Hopefully, that amount does not have to come from the Federal Government. But let us face it. We are dealing with a transportation crisis. We are dealing with the fact that if the Penn Central collapses, people and merchandise are not going to move and this country could be at an absolute standstill.

Mr. BYRD of Virginia. If the Senator from North Carolina will yield further for an observation, the legislation itself, on page 2, says that the trustees—

"Upon approval by the court, may apply to the Secretary for the guarantee of certificates. The Secretary, after consultation with the Commission, is authorized to guarantee such certificates upon findings in writing that . . ."

Six items are listed. No. 5 is that "the railroad can reasonably be expected to become self-sustaining." And yet all of us say it cannot reasonably be expected to become self-sustaining under this legislation.

Mr. HARTKE. Not under this legislation.

Mr. BYRD of Virginia. That is what the legislation says must happen.

Mr. HARTKE. May I just clarify that point? If there were no hope, if there were no assurance, that the railroad could ever become self-sustaining, then this provision of the statute would prohibit that loan from being made. But the trustees have assured us that the railroad can become self-sustaining, that it can become viable, that if given time and some financial assistance, it can repay these loans with interest, and that it can divest itself of assets which are nonrailroad operating assets, and that they can produce a viable transportation company. That is the entire basis on which this bill is predicated. I would not want anyone to believe, infer, or think that this legislation would make any railroad self-sustaining.

I yield to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, there are several matters "in the works" that might have an ameliorating effect upon the whole railroad transportation problem. One of them is Railpax, which legislation we passed a short time ago, whereby railroads will be able to relieve themselves of passenger service and make freight service self-sustaining and possibly put it on a profitable basis.

That is our expectation, is it not?

Mr. HARTKE. That is the expectation. The names of the directors of that organization have been submitted to us, and we have been able to act on that, insofar as the committee is concerned, just yesterday.

Mr. PASTORE. Is it not a fact that the Government guarantee constitutes a primary lien upon the properties of the railroads?

Mr. HARTKE. That is absolutely right.

Mr. PASTORE. So, in the event something eventually happens, if the property has to be taken under a nationalization program, the U.S. Government could be made whole; could it not?

Mr. HARTKE. There is no question about that.

Mr. PASTORE. Mr. President, will the Senator yield further?

I think what we are losing sight of in this debate is that this is stopgap legislation. It is emergency legislation to deal with a very, very serious situation that confronts the railroads, particularly these in the hands of trustees.

The Penn Central Railroad is a railroad that services the whole New England area. The New England and New York-New Jersey, Pennsylvania and Delaware area, I daresay, is the biggest contributor to the coffers of this country, more so than any other region of this country. There is a highly concentrated industrial complex in that part of the country. I am not boasting now; I am simply stating a fact.

If these railroads grind to a halt—and there is no question that that is likely to happen in the early part of January, and that is the reason they are in the hands of courts—do Senators realize the catastrophe we will have in this country, the number of people who will be out of work? If freight service comes to a halt, we can imagine what will happen to the industrial complex of this Atlantic seaboard region and, in turn, what will happen to the income of the U.S. Government?

I am not saying this ought to be an excuse for a handout. We all understand that. But this is an emergency measure.

The administration came before our committee and suggested that the Secretary of Transportation be given authority to loan money, with Government guarantees, up to $750 million.

Am I correct in that?

Mr. HARTKE. That is exactly right.

Mr. PASTORE. We thought that was going a little too far for the first bite. Not only that, but there was no time limit on it, and it was all left to the discretion of the Secretary of Transportation.

So what happened? Things got worse and worse and worse. So, finally, the Penn Central ended in the hands of the court. I have been the greatest critic of the sloppy way the Penn Central conducted its business. There is no question about that. I have already said that if we were going to give this amount of money as credit to the Penn Central, I would be against it. But we are actually giving it to the trustees who are mandated by the court to keep the railroad running. That is the question before the Senate, and the only question.

Does the Senate want the railroads that are in the hands of trustees to stop as of the middle of January, or does it want them to continue so that we can come back here to see what can be done on a permanent basis? That is what this is all about. We are trying to protect the Government as much as we can by giving it the first lien on the property. The money is going to be borrowed from private corporations on Government guarantees. They cannot borrow money now because they are mortgaged up to their necks. That is the reason why we have approved this measure from the committee.

That is about as simple as I can make it. That is about as simple as it is.

If Senators do not believe the railroads should run, then vote against the bill, but if they want to give them a chance by breathing a little life into them until we can come back here and see what can be done, I say vote for the legislation.

Mr. BYRD of Virginia. Mr. President, will the Senator yield for a question?

Mr. PASTORE. I yield.

Mr. BYRD of Virginia. The Senator from Rhode Island said the railroads are mortgaged up to their necks. With assets of $4 billion to $7 billion, what do the mortgages total?

Mr. HARTKE. There are cases in which the mortgage is probably higher than the present market price.

Mr. BYRD of Virginia. Total properties?

Mr. HARTKE. I am going to tell the Senator that that information is not totally available.

Mr. BYRD of Virginia. Then we could not properly say that they are mortgaged up to their necks when we do not know what that is.

Mr. HARTKE. But the assets are carried at a higher value than that at which they probably could be disposed of.

Mr. BYRD of Virginia. In certain cases.

Mr. HARTKE. In most cases I would estimate.

Mr. PASTORE. The point I make is that it is a sorrowful affair. I hope I am not being put in the position of being the devil's advocate. As a matter of fact, there is no one who has been more critical of them than I have been.

But we are not giving this to Saunders; we are not giving this to Perlman; we are giving it to the trustees. They have been appealing to us to do this in order to keep the railroad going. That is about all it amounts to, and I hope some Senators will realize how serious the situation is.

I do not approve of this awful situation. It is a tragedy in American transportation, and I do not want to be standing on this floor defending it. All I am saying is that the trustees have come before our committee, they have talked to me on the telephone, and they say, "Unless you do this, we have got to stop running the railroads." That is all it amounts to. I say to Senators, if you want to stop the railroads, vote against the bill. If you want to keep them running, vote for it.

I know Senators can pick this thing apart and make it look ridiculous, and I would agree with them. But that is about all I can say.

Mr. JAVITS. Mr. President, I ask unanimous consent to yield momentarily to the Senator from Kentucky without losing my right to the floor.

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

Mr. COOK. Mr. President, having made the remarks that I have in regard to this approach, let me, in many ways, back up what the Senator from Rhode Island has said, though it sounds rather strange for me to say this.

We have been listening to what a major industry apparently is about to obtain from the Federal Government, or what the Federal Government will ultimately obtain from the taxpayers. I think the points of the Senator from Virginia are well taken, and those of the Senator from North Carolina. But I think we are forgetting something.

We are forgetting the fact that an agency of the Federal Government had a great deal to do with this merger. An agency of the Federal Government had a great deal to do with the fact that when this merger took place, the New York Central and the Penn Railroad by virtue of the ICC had to start a mutual operation as the Penn Central the first year of merger. They had to do this while also trying to overcome almost a $400 million deficit. Also when they wanted to merge, the ICC made them take the New York, New Haven & Hartford, and made them pay royalties to other railroads because they had the open coal movement to Detroit, Cleveland, and Chicago, and also made them take furloughed employees back on their payroll. So we are not just talking about what a railroad has done to the American people, or what it is about to ask of the U.S. Government. We are talking about what the Federal Government has done to a railroad that carries a million tons of freight a day, and 300,000 passengers a day.

I do not like this bill, but I think we are overlooking these facts. I am sorry that the Senator from Arkansas is not here, but since he made the remark that all of this somehow or other is the railroads' fault, I think this ought to be cleared up. Because, there are some remarkable railroads in this country that are extremely profitable.

I might suggest that the hearings will show, if Senators will read them, that Mr. Perlman said this was never a merger, it was a takeover, and Mr. Perlman showed statistically that the New York Central never reached its debt limit during negotiations to merge, and that the Pennsylvania Railroad had to ask on three different occasions to increase its debt limit.

So I can only say that we must look at the whole picture. The Penn Central merger was a victim of the ICC. As a result of that victimization, the testimony will show that again Mr. Perlman said that when the B. & O. and the C. & O. were merged, either the Pennsylvania or the New York Central was eliminated from end to end service, and it became necessary to have parallel service in the eastern corridor of the United States. As of that day, Mr. Perlman said, he knew those railroads were dead.

Mr. PASTORE. I do not dispute anything the Senator has said.

Mr. COOK. I am agreeing with the Senator.

Mr. PASTORE. But the fact remains that the question before us now is, Where do we go from here? That is the question, is it not?

Mr. COOK. I agree with what the Senator is saying. My only point was that from some of the colloquy it appeared that somehow or other all the blame for this was being put on the railroads. It appeared that all of sudden the railroads were asking for this, and were getting away with something.

Truly, they have been a victim of denial after denial of freight increases. They have been a victim to the extent that they have had to create and establish conglomerates. I think the Senator from Indiana will agree that they have been a victim of the very system that was created to make a viable railroad system, and had to go out and try to find other means to make a living. They have not been successful.

Mr. PASTORE. But will the Senator agree that there was a personality clash between Saunders and Perlman?

Mr. COOK. I would say that there was not only a personally clash between Saunders and Perlman, but that there was a personality clash between every employee of the New York Central and every employee of the Pennsylvania.

Mr. PASTORE. But when they went to the ICC to merge, they painted a rosy picture.

Mr. COOK. One of the ways in which they were victimized was that they were ordered to take over the New Haven. They tried hard not to, but that was one of the conditions of the merger.

Mr. PASTORE. But all that is past history.

Mr. COOK. I agree.

Mr. PASTORE. The point I am making is, now, today, What is going to happen after the middle of next month? That is what we are trying to solve here today. Recriminations will not solve anything this afternoon; it is a matter of a little bit of help to the trustees, to keep the railroad going to the sake of the public interest.

Mr. JAVITS. Mr. President, I would appreciate having the attention of the Senator from Indiana, as I intend to address myself to the matter of the bill before the Senate.

Mr. President, we are seeing but the tip of the iceberg in respect to this matter. The debate has certainly, I think, touched on some of it, but by no means all, and I speak from the following two positions: First, as the ranking member of the Labor and Public Welfare Committee, I have had to contend with railroad strikes for some years now, including one very recently which we are still in. All we have is a stay now, until March 1, which is the date we fixed—about a 60-day stay. The railroad unions may yet walk out, Mr. President.

The second thing which affects me is the condition of the money markets and the securities markets, which directly affect this bill. Mr. President, there is no question about the fact that notwithstanding the large assets of the lines—that is, the Penn Central lines—that by no means guarantees that they are going to be able to borrow money on trustees' certificates. As a matter of fact, the experience with lenders upon these trustee certificates has been rather unsatisfactory in many cases because it is a matter over which courts and appellate courts have jurisdiction. There are many claims, naturally, with respect to the operations of these railroads, including compensation and other hazards which they run. Hence, it is very understandable that without a U.S. guarantee, considering the depth of the problems that the Penn Central faces, the trustees will find themselves unable to borrow money, notwithstanding the first lien status of the trustee certificates.

I really think that, taking that point—and I know there is no doubt about its validity—it is very hard to see how we can fail to pass this bill if we want to keep the Penn Central operating. And the overwhelming evidence is that it would materially affect the economy if it stopped.

For example, there would be a 3-percent decrease in the gross national product 8 weeks after the railroad ceases operation, and an unemployment level for the Nation of 8 percent, rather than the present 5.9 percent, if the railroads should stop. In addition, it would be a very material blow to electric utilities, which depend very heavily upon coal transported by Penn Central. It would be a very material blow to manufacturers of all kinds, from iron and steel to consumer products. The Penn Central is the second largest grain hauler in the United States.

Mr. President, without these services, not only would our country be very materially injured, but also our national security would be very materially jeopardized. It is inconceivable that we could let the railroads stop. What would happen, in my judgment, without any question, would be a takeover of the railroad by the United States and its continued operation under those auspices—probably a very much more expensive thing than to make the guarantee of $125 million which is now contemplated.

So I do not think there is any question about the fact that this bill should be passed. I shall support it, and I hope the entire Senate will support it. Inasmuch as this is the very end of the session, I hope we will simplify our problems by adopting, insofar as we can, the House bill, so that the matter can be closed up and become law and the trustees can go ahead and borrow this money and keep the road operating, before we have a new Congress, with all that that implies in the way of delay due to the organization of both bodies.

As I said earlier, this is but the tip of the iceberg. The rest of the iceberg touches a number of matters. First, the general poor position of liquidity of the American business system. This is true not just of Penn Central but also many other corporations, including railroads. I hope many Senators will not become subject to a state of euphoria, for we have by no means surmounted the financial and economic crunch which this country faces. We have not effectively controlled inflation. It still goes on, roughly at the rate of 6 percent a year, which is a completely unacceptable level. We have not dealt with the tradeoff which is far too expensive in the way of employment, which is now up to 5.9 percent and could go to 6 percent and more. Even the most optimistic economists predict that.

We have not dealt with the international balance of payments, which is still seriously dangerous to us, including the callability of more than $20 billion in dollar obligations which are held around the world by many people and especially by the central banks of the world. We still have not overcome the grave competitive dangers we face in the world, with competitors, in a commercial sense, dashing ahead of us by virtue of greater automation and, in many fields, better technology.

Mr. President, these are very, very grave troubles faced by the United States. A very major trouble is the push upon wages, where inflation is being discounted as much as it is in interest rates, with a resultant increase in the cost of American productivity and severe damage to the American economy. Generally speaking, that does not promise well for our economy's immediate future.

With all those things facing us, a rationalization of the problem of the liquidity of American corporations, many of which find themselves incapable of borrowing in present markets, is very serious. I would seriously invite the attention of the Senate to the fact that we ought to be acting not just on the Penn Central but also on the general liquidity crisis in the country, and giving our Government officials a range of authority which would be great enough to head off disasters other than Penn Central, which could very well be impending tomorrow and for which we would be quite as unprepared as we were for Penn Central.

Seven hundred and fifty million dollars was requested as guarantee authority for transportation alone. It should have been granted, and we might have avoided the worst of this particular failure. Some $5 billion is suggested in a bill of my own, also as guarantee authority to provide liquidity

generally to aspects of the American business system which render services essential to the public interest and the public security and which may very well tomorrow be in the same liquidity crisis that Penn Central is in today.

The second thing, aside from liquidity, which needs attention is the ultimate resource of the country in the event of stoppages caused by labor-management problems in respect of the railroads. I think it is shocking that at this late date we are still improvising ad hoc measures with respect to railroad strikes which can immobilize the railroads of the country.

Of course, it is very clear that an important problem which is faced by the trustees operating Penn Central is the wage increase which we, ourselves, were compelled to legislate as part of the way to head off a railroad strike which would have been, for all practical purposes, a general strike in the United States.

Mr. President, the other lesson we must draw from this bill is the fact that we urgently need legislation. And there is legislation before us—including an administration bill—I might add, on which we have not even been able to get a hearing in the Committee on Labor and Public Welfare, to deal with the danger of national paralysis strikes such as a railroad strike. I would certainly hope that Senators will take from the need for passing this bill on an emergency basis the deep lesson which is involved, and which requires action also upon a bill dealing with national paralysis strikes.

Finally, Mr. President, when I rose, I was going to discuss the very thing which was touched on by the Senator from Kentucky (Mr. COOK). Aside from our contribution and our fault in respect of this whole matter, in leaving the United States without the needed kind of guarantee authority, and without laws to deal with the danger and threat of a national strike, such as a strike on the railroads, we now turn to the ICC. An examination in depth, I should like to advise the Senator from Indiana, the chairman of this particular subcommittee, is certainly required as to the responsibility of the ICC in bringing this particular railroad to its knees and to a liquidity crisis which could happen to others.

In addition to what the Senator from Kentucky has presented to the Senate, as to whether this merger, which was brought about in the way he described, was desirable or undesirable, we have the additional fact that the ICC itself is encumbered with almost as many work rules and old traditions and shibboleths with respect to the operations of the railroads and their rate structures, and so forth, as is true in respect of labor practices in so many aspects of the railroad industry, which we have been trying to rationalize for years. And the delay and the time it takes before filing a petition and getting action from the ICC is again a critical aspect of this situation.

I hope very much that the committee itself will look into this whole question of the contribution to the problem which the ICC is making in its own operations—probably unwittingly, except for the basic internal practices of the ICC and how it has operated for years in respect of the railroads and the health of the railroads.

The Senator from Arkansas (Mr. FULBRIGHT) has raised a pertinent inquiry. It may very well be that we cannot operate the railroads in the way we have been operating them. I yield to no one in this Chamber as an advocate of the private enterprise system or how it best serves the public interest or its critical essentiality to the freedom of this country. I know enough about that system not to want to see a breakdown. But in my judgment, we are asking the railroads of the country under private enterprise to carry an impossible task. That is why we organized Railpax. Whatever may be the objections to it, at least it is going at the central issue involved, and we may have to go further than that. We cannot shrink from the possibility that much of our railroad mileage may have to be taken over and operated in some governmental or quasigovernmental form.

I would strongly urge that we insist that this question be analyzed and studied, and that the Congress be briefed on it, and that we do not shrink from those decisions, especially for those Senators and Representatives who are the most heavily interested in seeing the private enterprise viable and successful. There is nothing more certain to break it down, to damage that system more, than failure. There is nothing that will help it more than success.

I think that this is a very serious case in point, and we should learn the lessons from this particular crisis which we face today. I thoroughly agree with the Senator from Rhode Island (Mr. PASTORE) that there is nothing whatever we can do about this crisis except to pass the bill. So that I hope the Senate will pass it.

The PRESIDING OFFICER. (Mr. SCHWEIKER). The bill is open to amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was read the third time.

Mr. BYRD of Virginia. Mr. President, the Senator from Indiana has kindly given me the statement of the trustees balance sheet, January 1 and September 30, for the 2 years, both 1969 and 1970. I notice on the balance sheet an income statement where it is charged during the 9 months of 1970 a figure called miscellaneous income charges of $18,952,705.

The reason that figure stands out in my mind is that for the preceding 9 months of the preceding year, the miscellaneous income charges were only $2,009,752.

What I am wondering, whether the statement is really as bad as it appears to be, when the miscellaneous income charges were increased ninefold in one 9-month period.

Mr. HARTKE. I understand what the Senator is saying. However, I am not in a position to give a definitive answer to the Senator. I might call his attention to the fact that if he will go to the net income and net loss figures, it shows a comparable net loss of $49 million in 1969, in the same period, $233 million in 1970.

Mr. BYRD of Virginia. That is when we take into account the fixed charges. As I understand it, the trustees do not need to take into account——

Mr. HARTKE. I quite agree.

Mr. BYRD of Virginia. The fixed charges, so that the comparable figure, it would seem to me, would be a profit of $48 million against a loss of $124 million.

Mr. HARTKE. That is a fair figure, but even those figures will not hold up in the present situation, because it includes, in addition, other revenues which are not strictly operating revenues.

Mr. BYRD of Virginia. I realize, Mr. President, that the figures cannot be made available today, since we are at the end of the session and a vote is about to be had on the bill; but could I ask the committee to furnish me with the information on these miscellaneous income charges, which have gone up ninefold in 1 year under the trusteeship, and also if the committee would furnish to me the statement submitted by Penn Central as to its earnings, profits or losses, going back to the time the two companies merged, and also the earnings and statements of the Penn Railroad, separately, along with the New York Central?

Mr. HARTKE. Those figures will be provided. Let me say that Penn Central is the holding company and the Penn Central Transportation Co. is the operating company. I think what the Senator wants is the Penn Central Transportation Co. figures. We will be glad to supply them.

Let me point out that they have about 50 accountants working full time on the statements. That is part of the difficulty. If the Senator will read the comments, he will find that the trustees have been attempting to find out what the assets are, what the encumbrances are, and whether there is any possibility of a sale. There was a period, for example, where they could not find all their locomotives.

Mr. BYRD of Virginia. I appreciate the difficulty in a company as large as Penn Central, but if the committee could furnish me with these figures, I would appreciate it.

Mr. HARTKE. We will be more than glad to do that.

Mr. BYRD of Virginia. Was it not 170 holding companies?

Mr. HARTKE. Those were the holding companies in the Penn Central operation, that is correct.

Mr. BYRD of Virginia. I thank the Senator.

[From the CONGRESSIONAL RECORD, July 26, 1973]

FINANCING FOR PENN CENTRAL

Mr. HARRY F. BYRD, JR. Mr. President, to expedite the work of the Senate, I want to speak very briefly on legislation which will be before the Senate tomorrow. It is S. 2060, the Emergency Rail Services Act Amendments of 1973.

There is a time limitation on that legislation. For that reason, I wanted to put into the record tonight some comments on that legislation.

Mr. President, on the 30th of December 1970, the Senate passed legislation which provided for a $125 million loan guarantee for the Penn Central Railroad. During the course of that debate I stated this on page 26122: That the legislation then pending—

"Is only one step in a possible long-range solution to the problem. The Senator from Indiana has made it clear that far more—at least I understood him to say—far more public funds will be sought by Penn Central or by the trustees of Penn Central in the coming months."

Then I stated:

"That is the part that disturbs me more than does the particular bill. As I understand it, we are getting into what we might call a bottomless pit of tax funds."

So I opposed and voted against that legislation for a $125 million Federal loan guarantee for the Penn Central.

Now we come to today and on the calendar we have S. 2060, which will be taken up tomorrow. What does it do? Up to this point we have been involved in loan guarantees. This bill would authorize the appropriation of $210 million from the Federal Treasury for the Penn Central Railroad. I am just wondering where this is going to stop.

I recognize the importance of the Penn Central tracks. I recognize the importance of having a good railroad transportation, but, after all, this is a private company. It has been through the years. And what concerns me about the pending legislation is that it does not solve anything. There are various plans floating around, but this in itself is not a plan. All the Congress will be doing is authorize the expenditure of $210 million out of the Federal Treasury as a continued bailout for a failing business enterprise.

I recall also it was just last week that the Senate, after a 12-minute consideration, passed legislation authorizing loan guarantees of between $2 and $3 billion to the railroads for the acquisition of rolling stock. Then we come to this week and we have legislation which will be voted on tomorrow for $210 million out of the Federal Treasury for the Penn Central Railroad.

I have considerable concern as to the amounts of money which the Congress is appropriating to private business enterprises. I am hopeful that some consideration will be given to a feasible plan to take care of the

Penn Central without calling on the taxpayers every year or so for more and more funds.

The particularly undesirable aspect of this is that no plan has been agreed upon by the various parties. This is just pumping $210 million more into failing business enterprises. Many corporations all over this country go into bankruptcy every year. There are many thousands of them. The last time I checked, it was 11,000.

How much more money are we going to pour into these failing corporations and these bankrupt corporations? How many more corporations is this Congress going to undertake to bail out?

Mr. HARRY F. BYRD, JR. I reserve the remainder of my time.

Mr. GOLDWATER. Mr. President, I yield myself 5 minutes.

Mr. President, it is not easy to see any American corporation or company or individual enterprise face bankruptcy or face the threat of closing. Yet what we are being asked to do here this afternoon, while it might prolong the life of the Penn Central, gives no guarantee that it will insure it. I believe we are establishing a very dangerous precedent. I said the same thing when we advanced money to Lockheed Aircraft Corp. and I say the same thing about the Penn Central. If we can advance money to Penn Central and to Lockheed, why cannot the corner family store come in here and ask for money to be used to pay its bills and prevent bankruptcy? Why cannot any company or, as far as that goes, any individual American come to the Congress of the United States and ask financial assistance and, by this precedent, expect to get it?

I think it is very dangerous. We are already, as has been said by the distinguished Senator from Virginia, throwing money down many, many rat holes, far more holes than we have rats, and that is kind of hard to believe in this country. I do not want to see this Senate go on record, or this Congress go on record, as favoring the continued bailout of companies, no matter how big they are.

Not every company in this country today is in good shape. I visited with some of my copper mine people this morning. The demand for copper is down for the first time in many, many years and the world price and the national price have gone down. This has resulted in unemployment in my State, in New Mexico, Montana, and in other States in the West, including Utah, where copper is mined. Yet they are not coming in here asking that we advance them money so that they can carry themselves through. True, they are in much, much better condition than the Penn Central.

The Penn Central has been a long time getting into this bad shape. I think we made a mistake, when we first entertained the idea of advancing them money, when we did not insist that the company clean up its practices, modernize its system. In fact, we might say that to almost any railroad in this country as of now: "Put down some new track, buy some new equipment." They say, "We do not have the money to buy it." They probably do not have the money to buy it because they have not been giving the kind of service they should have been giving down through the years.

Mr. President, my effort is not to downgrade Penn Central for its efforts, or the efforts of any corporation in this country. I merely want to put myself on record as being firmly opposed to the Congress of the United States appropriating taxpayers' money to bail out any company in this country, I do not care whether it is the biggest corporation or the smallest individual business, and I shall vote against it.

Mr. STENNIS. Mr. President, I yield myself 5 minutes.

I was chairman of the subcommittee a few years ago handling appropriation bills for transportation, and I very definitely remember the problem of railroad transportation for what I will call our Eastern States, particularly.

I strongly supported the concept of some experimental transportation practices that they wanted to inaugurate from Boston to Washington, as I remember, and then from New York to Miami. We had those experiments, and I supported them for several years, recognizing the problem. And it just may be—I have not checked it, but I believe that I supported the first appropriation in this matter, involving the Penn Central.

But it has gone on so long, Mr. President, and has reached such proportions, that I believe some protest vote, anyway, if nothing more, should be registered here against this pattern that we are setting up. Certainly I want to see them come out of the hole, and still hope they will.

I have no prepared speech, but I just happen to have in my pocket here some figures that are authentic with regard to applications that we already have.

The national debt of $487 billion is just the beginning, just the start of real obligations that we already have.

We hear references to the social security obligations that have already accrued. These are amazing figures. Fortunately we have a financial system for that, that I hope is sound and will continue sound, but at the same time we have obligations that have accrued for which no appropriation has yet been made from the Government's standpoint, according to these figures, running over $1,000 billion, or very close thereto.

We have certain compensation guarantees in the way of veterans' compensation and pension funds, something that is not going to be neglected, of around $177 billion.

There are certain Government guarantees in other fields of $159 billion.

I want to make the additional practical point, too, that as I understand there would be a much better chance for this Penn Central line to come out, so to speak, if the management would just agree that there are certain so-called feeder lines that are part of the Penn Central system but are more or less feeders, that do not pay their way and will not prospectively pay their way, that perhaps should be cut off as appendages and sold for whatever they will bring. I know nothing about railroads, operating them, or anything of that kind. But until there is a stronger showing made here, and especially since this sets a precedent under which all areas of the country will have to be treated equally for spending billions and billions of dollars, I think under these conditions I will not further, for the time being at least, support this measure.

I am just not willing to agree that this cannot be done by private enterprise. I think it can be done. With sounder progress being made, and a better plan being made for the Government to temporarily hold them up and help them become solvent, I would perhaps support it. But we are wandering around in that field, and I say that with all deference, of course, to the managers of the bill. I know that we have bills that make all kinds of trouble along this line, and are hard to terminate.

Mr. President, I yield the floor.

Mr. HATFIELD. Mr. President, today is a very significant day for the future of railroads in the Northeastern and Midwestern regions of the United States. Today the Senate will continue to consider and vote on an additional $347 million subsidy for the Penn Central Railroad and other smaller railroads in the Northeast. This is just another in what promises to be a series of governmental "bailouts" of this beleaguered railroad system. Also today, the U.S. Railway Association—USRA—releases their preliminary report on the consolidation of these railroads into one system—hopefully with improved efficiency and a greater profitmaking capability.

I shall vote reluctantly in favor of the continued subsidy to the Northeastern railroads. This is only to keep them viable until the USRA can implement the system plan under the stewardship of a new consolidated corporation to be known as ConRail. The need for a more efficient nationwide rail system for purposes of hauling both passengers and freight, in light of the current concern for the wise use of our energy resources, justifies this additional Federal aid. The economic dislocations that would result if these railroads were allowed to collapse outweigh my dislike for Government bailouts of this kind.

With the release of the preliminary report by the USRA we hear talk of nationalizing the railroads. I wish to remind my colleagues of an alternative to complete collapse and nationalization as designated in the original law—Public Law 93-236—creating the USRA. This is the concept of the "employee stock ownership plan." In the Regional Rail Reorganization Act of 1973, section 206(e)(3) provides for the implementation of ESOP "to the extent practicable." Having looked at the USRA report I see no indication that such a plan will be used to help restore the railroads to financial health.

Nowhere in the "preliminary system plan" released today, is there any mention of ESOP, either with regard to its possible use or in explanation of why it is not to be used. This fact will be the subject of a letter which I will send to the Board of Directors of the USRA. If ESOP is not going to be implemented at all, I think we in the Congress should at least know why.

Mr. President, so that I may bring this matter to the attention of my colleagues once again, I would like to resubmit for

the RECORD my "Dear Colleague" letter of November 5, 1973, as well as some background materials in support of the ESOP concept. I hope that this idea has not been forgotten, and that it will still be considered as a possible alternative to the general collapse or total nationalization of the railroad system in the United States.

I ask unanimous consent that the letter may be printed in the RECORD.

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

COMMITTEE ON APPROPRIATIONS,
Washington, D.C., November 5, 1973.

DEAR COLLEAGUE: Soon the Senate will begin consideration of legislation to revitalize the bankrupt rail systems of the Northeast. I believe this offers an opportunity for a full discussion of possible alternatives to nationalization.

Increasing federal subsidies are not sufficient to prevent continued deterioration and future labor-management conflicts. Federal solutions, in their present form, are an open invitation to bailouts of other ailing railroads and industries. Our railroad crisis is merely one more in a growing parade of examples where a bankruptcy in leadership and vision has led to a vacuum in our corporate sector which, not surprisingly, has been filled by increasing government powers and controls and new and more costly bureacracies.

I am, therefore, proposing an amendment to whatever bill passes the Senate. This amendment would signal a healthy, new direction for the proposed Northeast Rail Corporation and the Federal National Railway Association, as proposed by the Pearson-Beall amendment, by adding a provision to the financing and labor relations sections of this bill which would explicitly mandate "to the maximum extent practicable" the use of an Employee Stock Ownership Plan for financing transfers of corporate assets and future expansions of the reorganized system. Enclosed is a copy of this amendment, together with a comparison of ESOP financing with conventional debt financing and a one-page summary of how this amendment would benefit taxpayers, workers, railroad users, and the public generally if applied to the future system under projections of the Department of Transportation.

The Employee Stock Ownership Plan is, in my opinion, the most important innovation in investment finance developed in recent years. The ESOP would spread stock ownership systematically among all employees, at no personal risk to themselves and without reducing their take-home pay or other benefits. And by building a vested and growing property stake and rising dividend incomes into each member of the corporate team, anyone—management, union officials, and blue collar workers alike—would share a unity of interest in the growth and profitability of the Northeast Rail Corporation, if this is the approach adopted by the Congress. Technological improvements, now viewed as a threat to workers, become a growing source of each worker's retirement and preretirement income under an ESOP. Thus, by offering significant equity opportunities to its work force, the new rail corporation would not only begin on a more viable footing, but, through its ESOP, can offer taxpayers some hope for an efficient, unsubsidized and relatively strike-immune rail system in the Northeast corridor.

From a taxpayer's standpoint, this amendment would add no Federal costs to the present railroad proposals now being considered. In fact, the ESOP is, I feel, our only hope for converting what is today a significant tax loser into a future, tax-paying member of the corporate community. The ESOP's advantages for meeting this crisis and other kinds of economic problems have received extensive treatment in many business and scholarly journals and in several important books on the future of the American economy. A growing number of labor leaders have recognized the ESOP as offering new horizons for democratic unionism. And from a moral and political standpoint, we have nothing to lose and everything to gain by adding an ESOP provision to the Northeast Rail bill.

I sincerely hope that you will join me as a co-sponsor of this amendment to provide all employees of the proposed Northeast Rail Corporation an equal and fair opportunity to share in its ownership. Should you wish to do so, or if you have any questions, please contact me or have a member of your staff contact Tom Imeson at x53753 by Tuesday, November 13.

Kindest regards.

Sincerely,

MARK O. HATFIELD,
U.S. Senator.

COMPARISON OF CONVENTIONAL DEBT FINANCING WITH EMPLOYEE STOCK OWNERSHIP FINANCING

The process by which newly formed capital (improved land, new structures, and new tools) is brought into existence under conventional financing techniques can be functionally analyzed from the following example. Suppose a corporation has done its feasibility study for a contemplated expansion (self-liquidation within a reasonable period of years is the essential logic of business investment) and concludes it should spend One Million Dollars for new tools in order to increase output of goods and services for which it foresees a profitable market. The corporation goes to its bank or other lender, convinces the lender of this "feasibility," and borrows the necessary funds—let's say repayable in installments over five years. The picture looks something like this:

* * * * *

The important aspects of this technique of finance are:

When the loan is paid off *incremental productive power* equivalent to One Million Dollars of tools has been built into a stationary stockholder base. An individual may sell stock which he owns in the corporation, and another individual *with capital* may buy the stock, but no net *new capital owners* are created in the process.

Since, as a matter of fact, virtually the entire personal ownership of productive capital in the U.S. economy lies in the top 5% of wealthholders, it is clear that a principal contributor to this *concentration of ownership of productive power* (productive input being the business basis for personal outtake or income) under the double-entry bookkeeping logic of a market economy lies in a technique of finance that builds all incremental productive power into a tiny stock ownership base that already owns *functionally excessive* productive power, having in mind that the ultimate economic purpose of production is consumption. Those who must constitute the great majority of ultimate customers for business—the people with present and potential unsatisfied consumer needs and wants—do not acquire incremental productive power through this process. Those who are in fact already excessively productive (in relation to their present or potential consumer needs or wants) acquire all incremental productive power.

The other principal methods of financing new capital formation, those using internal cash flow such as retained earnings, investment credits, depletion, accelerated depreciation, etc., all have precisely the same concentrating effect. In the aggregate, all of the conventional techniques of finance above mentioned accounted for nearly 98% of new capital formation during the past decade.

The sole remaining financing method, the sale of new equities for cash, has the same concentrating effect: the new stock is sold to people with capital who can pay cash for it.

In short, the logic used by business in making investment—the logic of investing in things that will pay for themselves—is not available to the 95% of Americans born without family capital ownership. As the nonhuman factor increases in quantity and in relative productive power, its ownership remains concentrated in a stationary fraction of the population. With rare exceptions, employees, including executive employees, do not own functionally significant amounts of productive caiptal.

Business finance, because of our incomplete national economic policy (a failure to interpret the Employment Act of 1946 as requiring a broadening of the ownership of capital in order to achieve "maximum purchasing power" in the hands of those who need it) and our attempt to solve the income-distribution problem entirely through employment, has failed to recognize the importance of creating new owners of capital *without diminishing* the *take-home pay* of labor. Business operates in such a way as to deprive even the employees, both sub-managerial and managerial, of the great corporations (1,000 of which produce nearly 80% of the goods and services of the private sector) of effective means of legitimately acquiring the ownership of viable holdings of capital.

The end result, to which businessmen naturally object, is that it falls to Government to close the purchasing power gap which occurs when 5% of families (who own all the capital) acquire ownership of all incremental per capita productive power, and the majority, with most of the unsatisfied product needs and wants and rising expectations stimulated by all the modern techniques, acquire ownership of none of the incremental productive power. The techniques government must use to close the purchasing power gap, and the effects of its actions, are too well known to dwell on here:

Welfare redistribution of every imaginable kind.

Redistributive taxation of every conceivable kind.

Subsidization of employment, both within and outside government, of millions of people who would not be employed except for the subsidies, the cost of which subsidies are a social burden upon the present and future of the economy directly affecting the quality of the life of the people, although the conventional wisdom overlooks them in evaluating the performance of the economy.

The adoption of myriads of pieces of legislation encouraging employees to demand and receive more pay for less work, even to the point of demanding increasing pay for no work input whatsoever. All such costs go into the prices of products, thus creating inflation, artificial scarcities and a decline in the economic quality of life, where plentitude and growth in the affluent quality of life should prevail because it is consistent both with the objectives of business, with its technical capabilities and with the desires of the people.

A rising sense of strife between management and labor, and between the rich and the poor—a natural result of governmental redistribution.

A growing sense of economic alienation and helplessness, the natural result of not owning capital in a world where most of the wealth is produced by capital.

The fiscal integrity of government is being destroyed at every level, as a result of our defective corporate strategy and incomplete economic policy that attempts to solve the income distribution problem through employment alone rather than jointly through employment and broader ownership of capital, the other factor of production. From the municipality, the county, and the

state, to the Federal government and the United Nations, staggering but still growing debt (the not-so-secret source of our precarious present prosperity) is being piled upon unwilling taxpayers and the taxpayers of the future, while the underproductive and non-productive masses demand more welfare, more subsidies, more redistribution.

The solution is to facilitate financing a significant portion of new capital formation, and normal business changes in the ownership of existing assets, by techniques that legitimately build the ownership of viable capital holdings into corporate employees without taking anything from their take-home pay or their universally inadequate (or non-existent) savings, and to do this by making the self-liquidation investment logic, traditionally used by the corporation itself, available to the corporate employee to whom capital ownership is traditionally only a frustrated dream—the frustrated American Economic Dream.

The basic building block for bringing about such change in the pattern of ownership of capital in the U.S. economy is ESOP financing (the possible variations are numerous). Using the assumptions referred to in connection with the discussion of traditional financing, Model I it may be described as follows:

* * * * *

The most important aspects of the ESOP financing techniques are:

The loan is made not directly to the corporation, but to a specially-designed ESOT that qualifies as a tax-exempt employee stock bonus trust, or money-purchase pension trust designed to be invested in employer stock, under Section 401(a) of the Internal Revenue Code. Such trusts normally cover all employees of the corporation; their relative interests are proportional to their relative annual compensation (however defined) over the period of years that the financing is being paid off. The trusts are normally under the control of a committee appointed by management and its membership may include labor representatives.

The committee invests the proceeds of the loan in the corporation by purchasing newly issued stock at its current market value.

The trust gives its note to the lender, which note may or may not be secured by a pledge of the stock. If it is so secured, the pledge is designed for release of proportionate amounts of the stock each year as installment payments are made on the trust's note to the lender and the released stock is allocated to participant's accounts.

The corporation issues its guarantee to the lender assuring that it will make annual payments into the trust in amounts sufficient to enable the trust to amortize its debt to the lender. Within the limits specified by the Internal Revenue Code, such payments are deductible by the corporation as payments to a qualified employee deferred compensation trust. Thus the lender has the general credit of the corporation to support repayment of the loan, plus the added security resulting from the fact that the loan is repayable in pre-tax dollars.

Each year as a payment is made by the corporation into the ESOT there is allocated proportionately among the accounts of the participants in the trust a number of shares of stock proportionate to the participant's allocated share of the payment. Special formulas have been designed to counteract the relatively high proportion of early amortization payments used to pay interest and the relatively high proportion of later amortization payments used to repay principal.

As the financing is completed and the loan paid off, the beneficial ownership of the stock accrues to the employees. Most trusts are designed to permit the withdrawal of the portfolio in kind, subject to vesting provisions, either at termination of employment, or at retirement. However, it is desirable to so design the ESOT that any dividend income on shares of stock that have been paid for by the financing process and then allocated to the employees' accounts be distributed currently to the employee-participants, thus giving them a second source of income.

Diversification of the trust can be achieved after a particular block of stock has been paid for by exchanging the stock, at fair market value, for other shares of equal market value. Since the trust is a tax-exempt entity, such diversification is without tax impact.

While there is temporary dilution of the equity of existing shareholders at the outset, due to the fact that both stock and a limited and special type of loan obligation are outstanding, each year as the corporation repays its debt in pre-tax dollars through the trust, a cash accumulation is set aside that eventually, either within the financing period or thereafter, taken in conjunction with the considerations mentioned in the following paragraph, restores the dilution because of the yield on invested net worth of the tax saving.

When all factors are considered, including the cost and relative inadequacy of most alternative private retirement systems (for which the ESOP becomes a substitute), the probable costs and losses to the corporation resulting from (i) the inevitable demands of employees for progressively more pay in return for progressively less work input where they have no opportunity to accumulate significant capital ownership over a reasonable working lifetime; (ii) the shrinkage of markets for the corporation's products or services from the otherwise inevitable inflation of its product prices; and (iii) the added costs to the employer from alienation and demotivation of employees not enabled to acquire capital ownership in an economy where capital is a chief productive factor, etc., the cost of capital under Model II ESOP financing over the long term, i.e., beyond the financing period, is no greater, and will normally be less than the cost of capital resulting from any of the techniques discussed under Model I above.

REORGANIZED NORTHEASTERN RAILROAD SYSTEM BENEFITS TO BE DERIVED UNDER EMPLOYEE BUYOUT THROUGH ESOP FINANCING

THE U.S. ECONOMY IN GENERAL

An efficient, unsubsidized, strike-immune rail system in the Northeast corridor.

A dramatic example of how a sick industry can be revived by creating a unity of interest between management and organized labor through widespread access to corporate ownership and dividend incomes among all employees . . . without affecting traditional jurisdictional prerogatives of management vis-a-vis union leadership.

A positive alternative to nationalization and current trends toward nationalization and taxpayer bail-outs of our railroads.

Cuts government costs and reduces pressures on almost bankrupt present railway workers retirement system . . . yet raises the tax base.

WORKERS EMPLOYED AFTER REORGANIZATION

No reductions in present pay levels, present retirement contributions, and other present employee benefits.

An opportunity to buy and pay for a sizeable chunk of stock in the new company ($10,000 on the average per worker), and to own this stock in the same way as America's wealthiest families accumulated their property holdings: through access to corporate credit, with personal risk cut off by the insulation given under law to a corporation.

No taxes paid on any worker's property acquired through the ESOP, on any appreciation in value of a worker's holdings, or dividends, as long as these assets remain "sheltered" within the ESOP.

In addition to wages, a second income from dividends on stock held by the ESOP for each employee during his working years (an estimated supplement of almost $3,200 per year for the average employee after 5 years, based on conservative profit projections of the U.S. Department of Transportation). Dividend checks received by workers on-the-job or upon their ultimate retirement or displacement by automation are, of course, subject to personal taxes, the same as paychecks.

An opportunity to share with his fellow workers additional company stock and diversified holdings of other companies or real estate, acquired through future financings by the ESOP, as the new corporation expands, adds new and more efficient equipment, or otherwise seeks new sources of income.

A better answer to automation than demoralizing featherbedding, make-work, spread-work, etc.

A personal stake in cost-cutting and higher corporate profits, thus enabling the industry to become more competitive, to grow faster, to expand into new territories, and generate new jobs.

An inflation-proof capital estate to pass on the one's heirs.

AMENDMENT PROPOSING CONSIDERATION OF AN EMPLOYEE STOCK OWNERSHIP PLAN IN FINAL SYSTEM PLAN

On page 5, between lines 23 and 24 insert the following new subsection and renumber accordingly:

"(5) 'Employee stock ownership plan' means a technique of corporate finance that uses a stock bonus trust or a company stock money purchase pension trust which qualifies under Section 401 (a) of the Internal Revenue Code in connection with the financing of corporate improvements, transfers in the ownership of corporate assets, and other capital requirements of a corporation and which is designed to build beneficial equity ownership of shares in the employer corporation into its employees substantially in proportion to their relative incomes, without requiring any cash outlay, any reduction in pay or other employee benefits, or the surrender of any other rights on the part of such employees."

On page 26, between lines 2 and 3 add the following new paragraph and renumber accordingly:

"(8) improving employee motivation and raising employee incomes and productivity by maximizing opportunities of railroad employees to participate as stockholders in their employer corporations."

On page 31, between lines 23 and 24 insert the following and renumber accordingly:

"(1) the manner in which employee stock ownership plans shall, to the extent practicable, be utilized for meeting the capitalization requirements of the Corporation, taking into account (a) relative cost savings compared to conventional methods of corporate finance; (b) labor cost savings; (c) potential for minimizing strikes and producing more harmonious relations between labor organizations and railway management; (d) projected employee dividend incomes; (e) impact on quality of service and prices to railway users; and (f) otherwise promoting the objective of this Act of creating a financially self-sustaining railway system in the Midwest and Northeast region which also meets the service needs of the region and the Nation;

On page 44, line 19 after the word "Act." insert the following:

"In making loans the Association shall consider whether the applicant has an employee stock ownership plan and shall give preference to applicants who have such a plan."

Mr. BELLMON. Mr. President, I rise in opposition to S. 281, the Regional Rail

Reorganization Act Amendments of 1975. The purpose of this bill is to increase the level of Federal Government support to the Penn Central Railroad by providing $125 million in Federal grants and $150 million in loan authority beyond what has already been approved by Congress.

This proposal raises some very fundamental questions: How far is the Congress willing to go? How much Federal funds will eventually be required to sustain railroad services in this region in view of inflationary pressures, enhanced competition, and past mismanagement practices. During the Senate debate on the merits of the Railroad Reorganization Act of 1973, the Congress was faced with an unfortunate dilemma. We were told then we must either provide a large Federal subsidy or else railroad services in the midwest and northeast regions of our Nation would come to a sudden halt resulting in economic chaos. Faced with this choice, Congress approved $85 million in grants and $150 million in loan authority to "bail-out" the Penn Central Railroad. Since then, Penn Central has shown very little improvement and has now returned to Congress for another massive dose of Federal funds to correct their financial ills. Although I fully recognize that inflation and increased fuel costs have further eroded the company's cash flow and caused a decline in revenues, we must face today the serious question whether such an additional expenditure of the taxpayers' dollar will eliminate the problem or merely aggravate what appears to be a vicious wasteful operating circle.

Although Congress has apparently committed itself to a continued governmental involvement in this area through the establishment of a quasi-governmental agency, the U.S. Railway Association, the issue still remains: How many millions of additional Federal funds must be appropriated before the Penn Central Railroad system is able to operate on a profitable basis? No one has been able or willing to answer this question. Once again, we are told that Penn Central faces an emergency situation; that it will be unable to meet its payroll unless Congress acts and acts now; that all the grant and loan moneys under the Regional Rail Reorganization Act of 1973 have been exhausted. Once again, we are told that if funds are not provided, the Penn Central freight and passenger service along 20,000 miles of line will come to a halt.

The facts speak for themselves. The Penn Central is a huge mismanaged corporation which has squandered its resources. Much of its problem can be traced to its meddling in activities totally unrelated to the transportation business. To make this point I ask unanimous consent that two newspaper articles be inserted in the RECORD.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibits 1 and 2.)

Mr. BELLMON. Mr. President, the solution to the Penn Central's problem lies not with Congress but with its own management and with the ICC. I cannot vote to spend tax dollars in a vain attempt to preserve a wasteful, careless corporation that could and should solve its own problems.

EXHIBIT 1

SIX FLAGS PARKS IN DEFAULT

LOS ANGELES.—Great Southwest Corp., a land developer and operator of amusement parks including the Six Flags facilities in Arlington, Tex., Atlanta and St. Louis, said it is in default under its major credit agreements for $4.25 million.

The firm is a subsidiary of the Pennsylvania Co., which is a subsidiary of the Penn Central Transportation Co., parent of the bankrupt Penn Central Railroad.

For several months, Great Southwest has been negotiating a debt restructure and recapitalization plan with its major creditors and equity holders.

EXHIBIT 2

PENN CENTRAL CO.'S GREAT SOUTHWEST CORP. RESTRUCTURES ITS DEBT

LOS ANGELES.—Great Southwest Corp., a Penn Central Co. affiliate in deep financial trouble for many months, said it completed a $154 million financial restructuring involving 83 debt and equity holders.

Bruce C. Juell, Great Southwest president, said that as a result of the plan, he holds "guarded optimism" for 1975 and that he expects the company to operate profitably after the restructuring. For 1974 the real estate and amusement park company expects to report a loss of more than $20 million, Mr. Juell said.

"We are out of danger now—but with two caveats," he said. "We are quite dependent upon our amusement parks remaining profitable. Also our company has a negative net worth of about $24 million."

The PRESIDING OFFICER (Mr. HELMS). The question is on agreeing to the motion to concur in the House amendment to S. 281. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senate will be in order.

The legislative clerk resumed the call of the roll.

At this point the Vice President assumed the chair.

Mr. MATHIAS. How am I recorded?

The VICE PRESIDENT. The Senator from Maryland is not recorded.

Mr. MATHIAS. Aye.

The legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. MCGOVERN) and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. HRUSKA) is necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BARTLETT) and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY) and the Senator from Nebraska (Mr. HRUSKA) would each vote "yea."

The result was announced—yeas 62, nays 30, as follows:

[Rollcall Vote No. 28 Leg.]

YEAS—62

Abourezk	Hartke	Moss
Baker	Haskell	Muskie
Bayh	Hatfield	Nelson
Beall	Hathaway	Pastore
Bentsen	Hollings	Pearson
Biden	Huddleston	Pell
Brooke	Humphrey	Randolph
Buckley	Inouye	Ribicoff
Bumpers	Jackson	Roth
Case	Javits	Schweiker
Clark	Johnston	Scott, Hugh
Cranston	Kennedy	Sparkman
Culver	Leahy	Stafford
Domenici	Long	Stevens
Eagleton	Magnuson	Stevenson
Eastland	Mathias	Tower
Fong	McClellan	Tunney
Ford	McGee	Weicker
Glenn	McIntyre	Williams
Griffin	Metcalf	Young
Hart, Philip A.	Mondale	

NAYS—30

Allen	Dole	Morgan
Bellmon	Fannin	Nunn
Brock	Garn	Packwood
Burdick	Goldwater	Proxmire
Byrd, Harry F., Jr.	Hansen	Scott, William L.
Byrd, Robert C.	Hart, Gary W.	Stennis
Cannon	Helms	Stone
Chiles	Laxalt	Talmadge
Church	Mansfield	Thurmond
Curtis	McClure	
	Montoya	

NOT VOTING—7

Bartlett	McGovern	Taft
Gravel	Percy	
Hruska	Symington	

So the motion to concur in the House amendment to S. 281 was agreed to.

Mr. HARTKE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. WEICKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The VICE PRESIDENT. The Senator from Indiana.

Mr. HARTKE. Mr. President, I ask unanimous consent to have the bill as it has been passed printed in the RECORD.

The VICE PRESIDENT. Will the Senator speak louder?

Mr. HARTKE. I ask unanimous consent to have the bill as it was passed printed in the RECORD.

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

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 "Regional Rail Reorganization Act Amendments of 1975".

SEC. 2. (a) Section 202(b) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 712(b)) is amended—

(1) in paragraph (2) by inserting "and express" immediately after "rail" each time it appears;

(2) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(8) study the feasibility of coordinating rail and express service in the region.".

(b) Section 206(a)(1) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 716(a)(1)) is amended by inserting "and express" immediately after "rail".

SEC. 3. Section 205(d)(2) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 715(d)(2)) is amended to read as follows:

"(2) employ and utilize the services of attorneys and such other personnel as may be required in order to properly protect the interests of those communities and users of rail service which for whatever reason, such as their size or location, might not otherwise be adequately represented in the course of the reorganization process as provided by this Act;".

SEC. 4 (a) Section 207(b) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 717(b)) is amended by inserting "(1)" immediately before the first sentence thereof, and by adding at the end thereof the following new paragraph:

"(2) Whenever it has been finally determined pursuant to the procedures of paragraph (1) of this subsection, that the reorganization of a railroad subject to reorganization under section 77 of the Bankruptcy Act (11 U.S.C. 205) shall not be proceeded with pursuant to this Act, the court having jurisdiction over such railroad may, upon a petition which is filed within 10 days after the date of enactment of this subsection by the trustees of such railroad, reconsider such order. Such reorganization court shall (i) affirm its previous order or (ii) issue an order that the reorganization of such railroad be proceeded with pursuant to this Act unless it finds that this Act does not provide a process which would be fair and equitable. The provisions of paragraph (1) of this subsection are applicable in such reconsideration, except that (A) such reorganization court shall make its decision within 30 days after such petition is filed, and (B) any decision by the special court on appeal from such a decision shall be rendered within 30 days after such reorganization court decision is made. There shall be no review of the decision of the special court. The Association shall take any steps it finds necessary, consistent with time limitations and other provisions of this Act, to effectuate the consequences of such a revised order, including the preparation and submission of any necessary or appropriate supplements to the preliminary system plan.".

(b) Section 207(a)(2) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 717(a)) is amended by adding at the end thereof the following new sentence: "The Office is authorized to hold public hearings on any supplement to the preliminary system plan and to make available to the Association a summary and analysis of the evidence received in the course of such proceedings, together with its critique and evaluation of such supplement, not later than 30 days after the release of such supplement.".

SEC. 5. (a) Section 211(a) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 721(a)) is amended by striking out "for purposes of assisting in the implementation of the final system plan;" and inserting in lieu thereof "for purposes of achieving the goals of this Act;".

(b) Section 211(e)(1) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 721(e)(1)) is amended by striking out "carry out the final system plan" and inserting in lieu thereof "achieve the goals of this Act".

(c) Section 211(f) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 721(f)) is amended by striking out "goals of the final system plan" and inserting in lieu thereof "goals of this Act".

SEC. 6. (a) Section 213(a) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 723(a)) is amended by adding the following at the end thereof: "Where the Secretary and the trustees agree that funds provided pursuant to this section are to be used (together with funds provided pursuant to section 215 of this Act, if any) to perform program maintenance on designated rail properties until the date rail properties are conveyed under this Act or to improve such designated properties, such agreement shall contain the conditions set forth in section 215(b) of this Act.".

(b) Section 213(b) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 723(b)) is amended—

(1) by striking out "$85,000,000" and inserting in lieu thereof "$282,000,000"; and

(2) by adding at the end thereof the following new sentence: "Of amounts authorized to be appropriated under this subsection, $50,000,000 shall be available solely to pay to the trustees of railroads in reorganization such sums as may be necessary to provide such railroads with amounts equal to revenues attributable to tariff increases proposed by such railroads and suspended by the Interstate Commerce Commission during the calendar year 1975, if the Secretary determines that such payments are necessary to carry out this section.".

SEC. 7. Section 215 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 725) is amended to read as follows:

"INTERIM AGREEMENTS

"SEC. 215. (a) PURPOSES.—Prior to the date upon which rail properties are conveyed to the Corporation under this Act, the Secretary, with the approval of the Association, is authorized to enter into agreements with the trustees of the railroads in reorganization in the region (or railroads leased, operated, or controlled by railroads in reorganization)—

"(1) to perform the program maintenance on designated rail properties of such railroads until the date rail properties are conveyed under this Act;

"(2) to improve rail properties of such railroads; and

"(3) to acquire rail properties for lease or loan to any such railroads until the date such rail properties are conveyed under this Act, and subsequently for conveyance pursuant to the final system plan, or to acquire interests in such rail properties owned by or leased to any such railroads or in purchase money obligations therefor.

"(b) CONDITIONS.—Agreements pursuant to subsection (a) of this section shall contain such reasonable terms and conditions as the Secretary may prescribe. In addition, agreements under paragraphs (1) and (2) of subsection (a) of this section shall provide that—

"(1) to the extent that physical condition is used as a basis for determining, under section 206(f) or 303(c) of this Act, the value of properties to such an agreement and designated for transfer to the Corporation under the final system plan, the physical condition of the properties on the effective date of the agreement shall be used; and

"(2) in the event that property subject to the agreement is sold, leased, or transferred to an entity other than the Corporation, the trustees or railroad shall pay or assign to the Secretary that portion of the proceeds of such sale, lease, or transfer which reflects value attributable to the maintenance and improvement provided pursuant to the agreement.

"(c) OBLIGATIONS.—Notwithstanding section 210(b) of this title, the Association shall issue obligations under section 210(a) of this title in an amount sufficient to finance such agreements and shall require the Corporation to assume any such obligations. The aggregate amount of obligations issued under this section and outstanding at any one time shall not exceed $300,000,000. The Association, with the approval of the Secretary, shall designate in the final system plan that portion of such obligations issued or to be issued which shall be refinanced and the terms thereof, and that portion from which the Corporation shall be released of its obligations.

"(d) CONVEYANCE.—The Secretary may convey to the Corporation, with or without receipt of consideration, any property or interests acquired by, transferred to, or otherwise held by the Secretary pursuant to this section or section 213 of this Act.".

SEC. 8. Section 303(c)(1) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 745(c)(1)) is amended by striking out the last word of paragraph (A), by striking out the period at the end of paragraph (B) and inserting "; and" in lieu thereof, and by inserting after paragraph (B) the following new paragraph:

"(C) what portion of the proceeds received by a railroad in reorganization from an entity other than the Corporation for the sale, lease, or transfer of property subject to an agreement under section 213 or section 215(a)(1) or (2) of this Act reflects value attributable to the maintenance or improvement provided pursuant to the agreement.".

SEC. 9. Title VI of the Regional Rail Reorganization Act of 1973 is amended by adding at the end thereof the following new section:

"TAX PAYMENTS TO STATES

"SEC. 605. (a) Notwithstanding any other provision of law, no railroad in reorganization shall withhold from any State, or any political subdivision thereof, the payment of the portion of any tax owed by such railroad to such State or subdivision, which portion has been collected by such railroad from any tenant thereof.

"(b) Any railroad which violates the provisions of subsection (a) of this section by withholding any portion of a tax referred to in such subsection shall be fined not more than $10,000 for each such violation.".

Mr. HARTKE. Mr. President, I would like to express my thanks to several distinguished Senators who assisted in the passage of this legislation. Mr. President, I ask unanimous consent if I might proceed to thank the staff people who helped on this?

Mr. ROBERT C. BYRD. For how long?

Mr. HARTKE. For 2 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I want to express my thanks to the Senator from Connecticut for his assistance and contributions; he is a great spokesman on railroad transportation. I think this is a good vote on the question.

Mr. President, let me express my thanks to the ranking minority member (Mr. PEARSON) and the chairman of the full committee (Mr. MAGNUSON) for the work they have done in making this possible.

Mr. President, I would like to have printed in the RECORD a list of names of individuals on the staff and ask unanimous consent that each one of these be extended personal thanks on my behalf for the fine work they have done.

The VICE PRESIDENT. Will the Senators suspend so we can hear the distinguished Senator?

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

Lynn Sutcliffe, Tom Allison, Paul Cunningham, John Burns, Mal Stenett, Art Pankopf, John Kirtland, Jeff Bakers, Robert Joost, Loyal Snyder, Chris O'Malley, Jennifer Guinan.

ORDER OF BUSINESS

Mr. HARTKE. Mr. President, I would like to address myself to the leadership for a moment. If the chairman of the Committee on Appropriations is here—

we have just passed the authorizing legislation and I would like to ask a question as to whether it would be possible for us to proceed immediately to the consideration of House Joint Resolution 210, which is the measure which appropriates the funds pursuant to this authorization?

Mr. MONDALE. Will the Senator yield?

Mr. HARTKE. Yes, but I ask unanimous consent at this time that we move to consideration of House Joint Resolution 210.

Mr. MONDALE. I object.

The VICE PRESIDENT. Is there objection?

Objection is heard.

Mr. MONDALE. I have no objection, if the Senator will yield, to filing a cloture petition.

The VICE PRESIDENT. Will the Senator speak louder?

Mr. MONDALE. I do object.

The VICE PRESIDENT. Will the Senator use his microphone?

Mr. HARTKE. Mr. President——

The VICE PRESIDENT. The Senator from Indiana.

Mr. HARTKE. Mr. President, now, let me find out what the Senator from Minnesota is objecting to.

The Senator objects to the fact that we put this down as the pending business?

Mr. MONDALE. Yes; as I understand the regular order, the pending business now is to return to Senate Resolution 4 as the pending business, and I think we should follow the regular order.

I have no objection to filing a cloture petition on the appropriations bill if the Senator wishes to do so, but I do object to changing the regular order, as I understand it.

Mr. HARTKE. Let me ask to see if this will work. I would like to ask unanimous consent that the Senate proceed to the appropriations bill, which is House Joint Resolution 210, and I ask unanimous consent that at this time that bill be passed.

Mr. CHILES. Reserving the right to object——

Mr. MONDALE. I object.

Several Senators addressed the Chair.

The VICE PRESIDENT. The Senator's 2 minutes have expired.

The objection is heard.

Mr. HARTKE. Mr. President, can I be recognized?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator may proceed for 1 additional minute.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. HARTKE. I would like at this time to ask unanimous consent to file a cloture petition on House Joint Resolution 210.

Mr. ALLEN. Reserving the right to object, as I understand the rules——

The VICE PRESIDENT. The Senator from Alabama.

Mr. ALLEN. As I understand the rule, in order for a cloture petition to be filed, the business against which the cloture petition is filed must be the pending business or the unfinished business.

Inasmuch as this bill is neither, the Senator from Alabama would be glad to have it made the pending business.

[Laughter.]

The VICE PRESIDENT. Is there objection?

Mr. HARTKE. What I would like to do is ask unanimous consent that notwithstanding the rule requiring it to be the pending business, that the Senator from Indiana be permitted to present to the Senate a cloture petition on House Joint Resolution 210.

Mr. ALLEN. Well, if it is made pending business subject to debate, the Senator from Alabama is ready.

Mr. GOLDWATER. Mr. President, I object.

Several Senators addressed the Chair.

The VICE PRESIDENT. Objection is heard.

The Senator from West Virginia.

ORDER TO VACATE SECOND CLOTURE MOTION—S. 281

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the second cloture motion which was filed yesterday on the Penn Central measure be vacated.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MATHIAS. Mr. President——

AMENDMENT OF RULE XXII OF THE STANDING RULES OF THE SENATE

The Senate resumed with the consideration of the motion to proceed to consider the resolution (S. Res. 4) to amend rule XXII of the Standing Rules of the Senate with respect to the limitation of debate.

The VICE PRESIDENT. The Senate will now resume consideration of the motion to proceed to the consideration of Senate Resolution 4. The pending question is the motion of the Senator from Alabama to postpone consideration of the motion of the Senator from Minnesota for 1 month.

Mr. MATHIAS. Mr. President——

The VICE PRESIDENT. The Senator from Maryland.

Mr. MATHIAS. Mr. President, as the Chair has just stated, we do now resume debate on the motion by the very distinguished Senator from Alabama to postpone consideration of the motion by the Senator from Minnesota for a period of a month, an additional month.

This motion, of course, is the latest in the long and imaginative and creative efforts by opponents to Senate Resolution 4 to prevent the Senate from acting on the proposal to change rule XXII.

I think it is worthy of note at this time that on no less than 27 occasions the Senate has been effectively prevented from voting on the Mondale motion through the use of quorum calls, motions, and similar parliamentary practices.

In the same period, the Senate has voted no less than eight times on motions, the purpose of which is to delay the action of the Senate in this effort.

I think it is of real importance the Senate be allowed to vote on the merits of the resolution. Therefore, Mr. President, I move to table the motion of the distinguished Senator from Alabama to delay consideration of the Mondale motion for 1 month and I ask for the yeas and the nays on that motion.

The VICE PRESIDENT. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Senator from Montana.

Mr. MANSFIELD. Mr. President, I make the point of order—all right.

The VICE PRESIDENT. The question is on the motion to table.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The VICE PRESIDENT. The Senate will be in order.

The assistant legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. McGOVERN), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. HRUSKA) is necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BARTLETT) and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "nay."

The result was announced—yeas 57, nays 34, as follows:

[Rollcall Vote No. 29 Leg.]

YEAS—57

Abourezk	Hart, Philip A.	Montoya
Bayh	Hartke	Moss
Beall	Haskell	Muskie
Bentsen	Hatfield	Nelson
Biden	Hathaway	Packwood
Brock	Huddleston	Pastore
Brooke	Humphrey	Pearson
Bumpers	Inouye	Pell
Burdick	Jackson	Proxmire
Byrd, Robert C.	Javits	Randolph
Case	Kennedy	Ribicoff
Church	Leahy	Schweiker
Clark	Magnuson	Scott, Hugh
Cranston	Mansfield	Stafford
Culver	Mathias	Stevens
Eagleton	McGee	Stevenson
Ford	McIntyre	Tunney
Glenn	Metcalf	Weicker
Hart, Gary W.	Mondale	Williams

NAYS—34

Allen	Fannin	McClure
Baker	Fong	Morgan
Bellmon	Garn	Nunn
Buckley	Goldwater	Roth
Byrd, Harry F., Jr.	Griffin	Scott, William L.
Cannon	Hansen	Stennis
Chiles	Helms	Stone
Curtis	Hollings	Talmadge
Dole	Johnston	Thurmond
Domenici	Laxalt	Tower
Eastland	Long	Young
	McClellan	

NOT VOTING—8

Bartlett	McGovern	Symington
Gravel	Percy	Taft
Hruska	Sparkman	

So Mr. MATHIAS' motion to lay on the table Mr. ALLEN's motion to postpone was agreed to.

Mr. MANSFIELD. Mr. President——

Mr. ALLEN. Mr. President——

The VICE PRESIDENT. The Senator from Montana.

Mr. MANSFIELD. Mr. President, in an attempt either to speed up the procedure which has developed or to delay it still further, I would like to renew a motion which I have made previously, with some slight modifications attached thereto.

Mr. President, I make the point of order that the pending motion by the Senator from Minnesota (Mr. MONDALE) is out of order, insofar as it precludes debate, intervening motions, and amendments.

Mr. BROOKE. Mr. President——

Mr. ALLEN. Mr. President——

The VICE PRESIDENT. This being a constitutional question the Chair will submit to the Senate for debate and determination the question: Is the point of order raised by the Senator from Montana well taken?

Mr. BROOKE. Mr. President——

The VICE PRESIDENT. The Senator from Massachusetts.

Mr. BROOKE. Mr. President, I move to table the point of order made by the distinguished majority leader, and ask for the yeas and nays.

Mr. ALLEN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Is there a sufficient second?

Mr. ALLEN. A parliamentary inquiry.

Mr. BROCK. Mr. President——

The VICE PRESIDENT. The clerk will call the roll.

Mr. ALLEN. A parliamentary inquiry, Mr. President. A parliamentary inquiry.

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Indiana (Mr. HARTKE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Missouri (Mr. SYMINGTON), are necessarily absent.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. HRUSKA) is necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BARTLETT), and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT), would vote "aye."

The result was announced—yeas 46, nays 43, as follows:

[Rollcall Vote No. 30 Leg.]

YEAS—46

Abourezk	Hathaway	Nelson
Bayh	Huddleston	Packwood
Bentsen	Humphrey	Pastore
Biden	Inouye	Pearson
Brooke	Jackson	Pell
Burdick	Javits	Proxmire
Case	Kennedy	Randolph
Clark	Leahy	Ribicoff
Cranston	Magnuson	Schweiker
Culver	Mathias	Scott, Hugh
Eagleton	McIntyre	Stafford
Ford	Metcalf	Stevenson
Glenn	Mondale	Tunney
Hart, Philip A.	Montoya	Williams
Haskell	Moss	
Hatfield	Muskie	

NAYS—43

Allen	Eastland	McClure
Baker	Fannin	McGee
Beall	Fong	Morgan
Bellmon	Garn	Nunn
Brock	Goldwater	Roth
Buckley	Griffin	Scott, William L.
Bumpers	Hansen	Stennis
Byrd, Harry F., Jr.	Hart, Gary W.	Stevens
Byrd, Robert C.	Helms	Stone
Cannon	Hollings	Talmadge
Chiles	Johnston	Thurmond
Curtis	Laxalt	Tower
Dole	Long	Weicker
Domenici	Mansfield	Young
	McClellan	

NOT VOTING—10

Bartlett	Hruska	Symington
Church	McGovern	Taft
Gravel	Percy	
Hartke	Sparkman	

So the motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The VICE PRESIDENT. The Chair wishes to make a statement. The Senate having voted to table the point of order questioning the propriety of the motion of the Senator from Minnesota, insofar as it precludes debate, intervening motions, and amendments, thereby affirming the propriety of the motion in this regard, the motion now is to be put to the Senate for an immediate vote. The question is now on agreeing to the motion of the Senator from Minnesota.

Mr. LONG. Mr. President, I would like to comment on what the Chair did a few minutes ago.

The VICE PRESIDENT. The Senator from Louisiana will make his comment.

Mr. LONG. Mr. President, what I observed a few minutes ago—perhaps the Chair does not know any better, but this is one of the most improper decisions made by the Chair during the 26 years I have served here. A motion was made, a Senator was standing on his feet making a parliamentary inquiry, and he made it three times before the first name was called and answered on that roll.

Under the rules of the Senate, Mr. President, the Chair is under the burden of recognizing any Senator who is on his feet demanding recognition, and he is under the burden of asking the Senator, if it be a parliamentary inquiry, what is his parliamentary inquiry. He is under the burden of giving that man a chance to make his motion, suggest the absence of a quorum, or whatever the Senator wishes to do.

The Presiding Officer presides over the Senate. He is not privileged to vote in this body except in the case of a tie, and he does not own this body. If that is the way we are going to do business in this body, with a man standing asking for recognition to state a parliamentary inquiry or suggesting the absence of a quorum, or seeking recognition for whatever purpose, and the Chair denies that man a right to be heard, then, Senators, you are wasting your time asking for a two-thirds vote; you have one-man cloture right now.

I can recall when Lyndon Johnson used to be tough in his administration of this body, and he used to try to help us pass his program when he was President of the United States. I used to jokingly tell him, "I can tell you how you can pass a bill for the repeal of section 14(b). All you have to do is get somebody in that Chair who will bang the gavel and say, 'The yeas and nays have been ordered, and the clerk will call the roll.' Of course, you would probably have to haul people out of the Chamber kicking, screaming, and yelling while the clerk calls that roll. You might need to call in the District police to enforce it, but it can be done."

Now, Mr. President, I have seen some pretty unusual things done in State legislatures. I know that back in the days when my father was Governor of the State, he was confronted with the fact that the opposition had far better parliamentarians than his group of insurgents who managed to win the last previous election. To overcome the fact that they had better parliamentarians, he sought and obtained a rule which said that by a simple motion which would not be debatable, the rules could be suspended. So, whenever the Long floor leader arose with his bill, usually his first motion was to suspend the rules, which motion was not debatable, and from that point forward the body would run the way the presiding officer and the majority wanted to do.

Mr. President, this Government of ours may very well depend for its survival on the rights of a man to stand and be heard and explain why he thinks the majority might be in error, and what is a majority in the beginning might not be a majority after a measure has been discussed, and the people have had a chance to consider the reasoning of a person.

Now, just today, Mr. President, I have been pursuing something that I started several days ago, to see whether we can work out a fair compromise of this issue that preserves the integrity of the Senate, that will give us a two-thirds majority cloture for this Congress, and see how it works—for this Congress only.

My approach has always been to take the view that it is not important who is right. What is important is what is right, and I did not originate that. That came from a group known as the Moral Rearmament people, an idealistic group of young people who did the best they could for their world right after World War II.

I think, Mr. President, that reasonable people can work together and resolve this impasse in which we find ourselves in a manner of good will and without

denying anyone his rights and without bulldozing, usurping, or denying anyone his power or his rights.

Now, I would say, Mr. President, that in this type of thing I have witnessed today the rules do not mean anything. We are supposed to be operating by that Constitution. And what is that supposed to mean? It is the Vice President, and that is all.

Mr. President, I thought I was going to help this administration on some things where, all things being equal, it looked as though they had a point to say for their side and, perhaps, we ought to give them a chance to prove their point. But I must say that I have grave doubts about any administration that would countenance the kind of conduct I just saw. I have seen it happen in the Senate but without exception, those who did it, apologized for it.

I can recall the time when Dan Brewster left the Chamber and Wayne Morse wanted him censured, and I saw Alben Barkley do an equally indefensible thing. I was there on that occasion. He adjourned the Senate having just refused to recognize the man who wanted to speak. It was I on that occasion, and I am proud to say a Republican Member at that time, Mr. Morse from Oregon, arose the next morning to chastise the Chair.

I have researched the RECORDS just to show that something that was improper had happened in the history of the Senate, and it was not to be found in the RECORD. I just wanted to say a few words, but I had the right to be heard. I found it was not in the RECORD. Apparently someone knew more about how the RECORDS were kept than I did because the permanent RECORD did not show that statement by myself and by the Senator from Oregon on the following day.

I want this in the RECORD, Mr. President. I have never in my life seen it happen in the Senate that a man can be standing trying to seek recognition, for whatever purpose, and the Chair can just go right on ahead and say, "The yeas and nays have been ordered and the clerk will call the roll," call the roll—tell the clerk, "Call the roll."

On this particular occasion, I noticed the clerk was a little slow calling the roll because he saw the man demanding recognition. The man at the desk knew that man had a right to be recognized, for whatever purpose.

What is this? Is this still the Senate of the United States? Is this the place that I wanted to serve from the days I sat there in that gallery and was 12 years old? Or is this some place where we are going to rule by the rule of might makes right? Will we just, if we cannot find some way to prevail upon people to see it our way, run over people roughshod? Is that the kind of body this is? I do not believe so, Mr. President. I believe that we have time for people to reason, for people to accommodate one another, for people to respect the rights of other people, and for this Senate to be the place that I always wanted to serve in. The Senate must be a place where a man's rights as a representative of that State are respected, and a place where the Senate, over a period of time, perhaps not as efficiently as a body controlled by a dictator, would bring about a judgment that recognized and reflected the wisdom and the collective judgment of every Member in this body after he had had a chance to study and fully appreciate the rights of others.

I say, Mr. President, we have reached a time when men of good will should reason together. What temporary gain anyone achieves today is a very, very minor thing in the history of this Nation. I think it is far more important that we set a precedent in this area that will serve this Nation rather than one that would disserve this Nation.

Now, if permitted to do so, I will try to get my colleagues to reason together and to accommodate the majority as well as the minority. I think the majority leader has been trying to do that.

Mr. MANSFIELD. Mr. President, will the Senator yield for a question?

Mr. LONG. Yes, I yield.

Mr. MANSFIELD. I was very much impressed with the possibility raised by the distinguished Senator from Louisiana to the effect that we have a three-fifths, a constitutional three-fifths—I would leave it at 60 just to make sure because that would be an advance—rather than a three-fifths of those present and voting. To me that would be a reasonable answer, and if it would be possible to arrive at some sort of informal gentleman's agreement, that that might be given the utmost consideration and possibly agreed to, I would be prepared to ask unanimous consent that the appropriation bill, the supplemental appropriation bill, be called up and considered and that then the Senate stand in recess until tomorrow in the hope that men of different viewpoints could get together.

I want to make it very plain that I am not talking about three-fifths of those present and voting. I am talking of a constitutional three-fifths, which would call for 60 Members rather than the present provision which calls for two-thirds of those present and voting.

I would never under any circumstances vote to impose cloture by a bare majority. But I do think that, just as Lyndon Johnson was largely responsible for bringing about a change in the two-thirds rule, if there is a possibility now to bring about a further change which would retain the flexibility of the Senate and protect the minority, that it would be worth considering on the basis of the suggestions which I have made, which are based, in turn, on the proposal suggested by the distinguished Senator from Louisiana.

Mr. LONG. I thank the distinguished Senator.

May I say, Mr. President, that it is my honor to serve with the Senator from Minnesota on the Finance Committee. He is a very valuable member and a very fair-minded one, one who is seeking to do what the good Lord gives him the light to do, just as I am; to try to do what he thinks is right and what he thinks is in the Nation's interest.

Now, I have made the Senator this proposition many times in the Finance Committee, and I have made other propositions. I have said, and I say, to the Senate what is important is what is right. It is not important whether you are right or I am right. What is important is what is right.

Now, I am willing to give you a chance to prove you are right about this, and I usually ask for a condition, provided you give me the chance to prove I am right. I would like to have the favor returned so that we can say——

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

Mr. LONG. Yes.

Mr. GOLDWATER. I would like to have the Senator yield to me so that I may make a parliamentary inquiry.

Mr. LONG. I wish to finish this thought first and then I will yield, might I say to the distinguished Senator.

I will simply say this: So far as this Senator is concerned, it would be all right with the Senator from Louisiana for this session only to say that we will have a simple straight majority cloture, so far as I am concerned, to see how it works. My guess is that if we have simple majority cloture, the Senate would want to go back to two-thirds or something else in 2 years by the time they had gone through it. But if we are going to experiment with a new rule, we could not have a better time than now when we have a Democratic Congress, a Republican President, a man who is basically conservative, in the White House, and a Congress that is overwhelmingly liberal, where one does check against the other. So there really could be no better time than now to experiment with a new rule.

Frankly, the point was made to me, if it works. Well, that almost dictates they will change the rules from this point forward.

My reaction is that if it works that well, I am sure that would be the case, but, of course, experience would have to dictate whether we think it is a good or bad idea.

But having debated this question for a good number of years, I would hope we could work toward that solution whereby we give those who want to change the rules to provide for a 60-percent cloture vote an opportunity to move in that direction; to try and see how it works for this Congress. If it works well I would assume that would be the case thereafter; otherwise there would be no prejudice and we could start back where we began.

I yield to the Senator for a parliamentary inquiry, but I ask unanimous consent that I might yield without losing my right to the floor.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. GOLDWATER. Mr. President, is there anything in the rules that states that the Presiding Officer must recognize a Senator asking recognition?

The VICE PRESIDENT. It requires that the Chair should recognize the first Senator who rises, addresses the Chair, but it was a nondebatable motion, and it was a parliamentary inquiry, and the parliamentary inquiry is only at the sufferance of the Chair and is not in

the rules, recognized, and there was precedence, the Chair——

Mr. GOLDWATER. The Chair does not have to recognize anyone who rises to make a parliamentary inquiry?

The VICE PRESIDENT. Does not have to respond.

Mr. GOLDWATER. Even though the Chair could not help but hear him?

The VICE PRESIDENT. That is not the question, if the Senator will excuse me. He does not have to answer him. It says so right here in the precedents of the Senate. The Chair may decline to respond; the Chair may decline to answer a parliamentary inquiry.

Mr. GOLDWATER. That is correct. That is what it says, but I never thought I would see the day when the Chair would take advantage of it.

The VICE PRESIDENT. Well, the Chair——

Mr. STEVENS. Will the Senator yield?

The VICE PRESIDENT. Excuse me. The Chair would like to comment.

In view of the statements that have been made about the Chair, the Chair would like to say that I observed the parliamentary procedures to the best of my ability. If there was any evidence of discourtesy to the distinguished Senator from Alabama, I apologize. I did not mean that and I think evidenced by my recognition of him yesterday it is quite clear that was not my intention. I would like to state that it was a procedure on a motion that was not debatable that was taking place. The Senator from Massachusetts had called for the yeas and nays, the clerk was counting to see whether there was an adequate number supporting that. I then ordered the rollcall. He was still counting and I do not think there was any rule violated, since the rollcall had started.

Therefore, the Chair would hope the Senator from Louisiana would understand the situation as it exists.

Mr. LONG. Mr. President, at a minimum, the Chair could have stated he was not going to recognize anyone for a point of order and refer to the rule. If the Senator wanted to suggest the absence of a quorum, he could have at least had the opportunity at that point to suggest the absence of a quorum.

I yield to the Senator.

Mr. HARRY F. BYRD, JR. Mr. President——

Mr. LONG. Mr. President, I ask that I might reserve my right to the floor.

The VICE PRESIDENT. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I would like to read from the official transcript citing the events which took place just prior to the last vote, the most crucial vote, perhaps, that this Senate has taken in the last several decades.

Mr. MANSFIELD. Mr. President, in an attempt either to speed up the procedure which has developed or to delay it still further, I would like to renew a motion which I have made previously, with some slight modifications attached thereto.

Mr. President, I make the point of order that the pending motion by the Senator from Minnesota (Mr. MONDALE) is out of order, insofar as it precludes debate, intervening motions, and amendments.

Mr. BROOKE. Mr. President——

Mr. ALLEN. Mr. President——

The VICE PRESIDENT. This being a constitutional question the Chair will submit to the Senate for debate and determination the question: Is the point of order raised by the Senator from Montana well taken?

Mr. BROOKE. Mr. President——

The VICE PRESIDENT. The Senator from Massachusetts.

Mr. BROOKE. Mr. President, I move to table the point of order made by the distinguished majority leader, and ask for the yeas and nays.

Mr. ALLEN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Is there a sufficient second?

Mr. ALLEN. A parliamentary inquiry.

Mr. BROCK. Mr. President——

The VICE PRESIDENT. The clerk will call the roll.

Mr. ALLEN. A parliamentary inquiry, Mr. President. A parliamentary inquiry.

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, if the distinguished Presiding Officer is not going to recognize anyone for a parliamentary inquiry, we are at a time that we do not know whether we are going by the U.S. Senate rules, the Constitution, the laws of the United States, or the whim of the Vice President.

So when the Vice President, in a situation like that, refuses to recognize a Senator for a parliamentary inquiry and the Senator is on his feet, simply goes ahead and puts the motion, puts the motion and tells the man to call the roll, Mr. President, that, I must say——

The VICE PRESIDENT. The Chair would remind the Senator it was a nondebatable motion under the rules.

Mr. LONG. Mr. President, under these rules, I do not know if it is nondebatable. A man has a right to suggest the absence of a quorum.

The VICE PRESIDENT. The Chair has to state the rules.

Mr. LONG. He had the right to suggest the absence of a quorum. He had a right to make his parliamentary inquiry. He had a right to make a motion to adjourn. He had a right to make a motion to postpone. He had all sorts of rights, Mr. President, which he did not have on that occasion.

All I say, Mr. President, is that the Chair has apologized. If he wants to take his apology back, he may do so, but it seems to me that what he did was most improper.

From what I have seen the Chair do, just to do that during the time I have been here, I do not think, Mr. President, we have reached the time here in the Senate when we have dropped to that kind of tactic for this Senate to work its will——

Mr. STEVENS. Will the Senator yield?

Mr. LONG (continuing). To give a chance to men of good will to work together, by this action does not care.

I yield to the Senator from Alaska.

Mr. STEVENS. Without the Senator losing his right to the floor.

Mr. President, I do not think anyone in this body has greater respect for the occupant of the chair than I.

I come from a very small State in population and very often find myself in the position where I must seek special consideration for my State.

I voted for the first time the other way on this last vote because I believe in a change of these rules to 60 percent. But I also believe in the final analysis, whether it is 50 percent, 60 percent, 67 percent, or whatever it might be, my success in representing the desires and aspirations of the people of Alaska really, in the final analysis, rests upon the courtesy that exists in this body, one Senator to another and one Senator to the Vice President.

With all due courtesy to the Vice President, I would urge that the Vice President listen to what my good friend says—we do not agree a lot of times—and the Vice President has apologized. I think the Senator from Alabama should accept the apology. But I do not believe, really, that the Vice President recognizes how vital it is for senatorial courtesy to be extended to one another, all 101 of us, in order to accomplish the purposes for which we were sent here.

I would urge also that those people that I have been voting with heretofore on the current proposition listen to the majority leader at this time and give the majority leader an opportunity to see if we can work out a compromise on the basis of a constitutional 60 percent, because I, as a Republican, hear my President castigating the Congress for not getting anything done, and I as a Senator sit here and I am participating in something that is delaying the work of the Senate. I believe it is high time that somehow or other we work this thing out. I think with due courtesy to the Vice President I would hope that we would listen to the majority leader at this time.

If it is in order, and I do not know if it is in order—I would ask my friend from Louisiana—I think we ought to suggest the absence of a quorum and have a chance to consider this matter. I leave it to the majority leader.

The VICE PRESIDENT. The Chair would like to comment on the comment of the Senator from Alaska and say that the majority leader spoke 2 days ago about the use of dilatory tactics, delaying action in this Chamber. A parliamentary inquiry at that point I considered was in the direction of dilatory tactics, and I was trying to speed action, not impede action. I agree totally with the Senator about courtesy. I have tried to express on every action of mine courtesy and respect to every Member of this Senate.

Mr. HELMS. A parliamentary inquiry.

Mr. LONG. I ask that I might yield to the majority leader, Mr. President.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, might I say that the President of the Senate, the Presiding Officer, was correct when he mentioned to the Senate my queries the other day which appeared in the RECORD relative to dilatory tactics; that is, postponements, a lack of a quorum, recess, adjournment, and so forth and so on. I was getting a little bit exasperated and a little bit fed up. I am in pretty good shape physically. I can run

back and forth and keep up with all these quorum calls which the distinguished Senator from Alabama and others have instituted. But I did not think the Senate looked good hopping around like a bunch of jackrabbits and considering nothing of substance. It was because of that, and because there was no way, in the rulebook or the Senate procedures that I could find, that I made the motion that I did today.

In view of the statement or the suggestion made by the distinguished Senator from Louisiana (Mr. LONG), I would like at this time, and I shall wait to see whether the Senate will approve or not, first, to ask that the Senate turn to the consideration of the appropriation bill covering the Penn Central and Erie-Lackawanna, and related railroads; and, second, to ask that the Senate stand in recess until the hour of 12 o'clock noon tomorrow. If it is impossible to get up the supplemental appropriation bill covering the railroads, I would be prepared then to make a motion just to recess in the hope that it would be possible in the meantime to work out, if only for this Congress only, a change in the rules which would call for a reduction from two-thirds of those present and voting to a constitutional three-fifths. In other words, an automatic 60 votes to shut off debate. I do not know what the attitude of the Senate will be in this respect. I will not make the motion now, but I would like to make that proposal after the debate on the present subject matter is concluded. If the Senate sees fit to agree, fine and dandy. If it does not, fine and dandy.

Mr. LONG. I wish the Senator would propound his unanimous consent request; ask for the unanimous consent. If he can get it, I am sure the Senate will let us recess.

Mr. MANSFIELD. First, Mr. President, I ask unanimous consent——

Mr. BROCK. Reserving the right to object——

Mr. ABOUREZK. Will the Senator yield?

Mr. CURTIS. Will the distinguished Senator from Louisiana yield, Mr. President?

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent, if the Senator will pardon me, that it be in order for the Senate to turn to the consideration of House Joint Resolution 210, to dispose of it within a 10-minute period, the time to be equally divided between the chairman of the Committee on Appropriations and the ranking member. I think the issue is quite clear. And at the conclusion of that consideration, and a rollcall vote, I would assume, that the Senate then stand in recess until the hour of 12 o'clock noon tomorrow.

The VICE PRESIDENT. Is there objection?

Mr. McCLELLAN. Reserving the right to object, and I do not want to object, I want to proceed, I would like to proceed with the consideration of the appropriation bill, but 10 minutes may be too short a time. I would ask the majority leader to amend his motion by making it 20 minutes. There may be an amendment. I am not sure. On each amendment, I would ask that there be 10 minutes.

Mr. MANSFIELD. One-half hour with 10 minutes on each amendment and debatable motion or appeal.

The VICE PRESIDENT. Is there objection?

Mr. BROCK. I reserve the right to object, Mr. President, until I find out if we have an opportunity to conclude the present discussion before we proceed to the consideration of this appropriation measure. I have some things I would like to say. I was on my feet, and I would like to have some time.

Mr. MANSFIELD. Of course.

Mr. BROCK. If I have that assurance——

Mr. MANSFIELD. Could the Senator give an idea of how much time he would want?

Mr. BROCK. Five minutes or no more than 10 for myself.

Mr. MANSFIELD. How about the Senator from Nebraska?

Mr. CURTIS. Five minutes.

Mr. MANSFIELD. I ask unanimous consent, Mr. President, that both the Senator from Nebraska, the Senator from Tennessee and the Senator from Virginia be allocated not to exceed 10 minutes each, and that the distinguished Senator from South Carolina and the distinguished Senator from Idaho (Mr. McCLURE) be recognized for not to exceed 5 minutes each.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MANSFIELD. And that the Senator from Louisiana keeps the floor in the meantime.

Mr. LONG. I do not think the latter part is necessary, Mr. President. I suppose the majority leader plans to make his motion to recess at the conclusion of the present discussion.

Mr. MANSFIELD. Has the Chair ruled on the request to take up the——

The VICE PRESIDENT. It has been ordered, without objection.

Mr. MANSFIELD. After that is disposed of, it would be the intention of the majority leader that the Senate would stand in recess until the hour of 12 noon tomorrow.

Mr. LONG. I ask that the majority leader be recognized, then. It is not necessary for the Senator from Louisiana to be recognized.

The VICE PRESIDENT. The Senator from Tennessee.

AMENDMENT OF RULE XXII OF THE STANDING RULES OF THE SENATE

The Senate continued with the consideration of the motion to proceed to consider the resolution (S. Res. 4) to amend rule XXII of the Standing Rules of the Senate with respect to the limitation of debate.

Mr. BROCK. Mr. President, I would like to add my own thoughts to those of the Senator from Louisiana. I was on my feet along with the Senator from Louisiana—Mr. President, I would like very much to have order.

The VICE PRESIDENT. There will be order in the Senate, please. Order.

Mr. McCLURE. Mr. President, the galleries are not in order.

The VICE PRESIDENT. There will be order in the galleries, too, please.

Mr. BROCK. Mr. President, I believe most us in this body if not all, understand the pressures that the Vice President was under in the parliamentary situation, and his concern with what he describes as dilatory tactics. As the record was pointed out by the Senator from Virginia, I was also on my feet seeking recognition on a point of order or a parliamentary question.

Mr. MANSFIELD. Mr. President, may we have order?

The VICE PRESIDENT. There will be order in the Senate, please.

Mr. BROCK. I think it is fair to point out——

Mr. HANSEN. The Senate is not in order, Mr. President.

The VICE PRESIDENT. Will the Senators please take their seats?

Mr. BROCK. I think it is fair to point out, Mr. President, that the Senator from Tennessee on no occasion during this entire sequence and this entire debate has offered or spoke for a motion that you would call a dilatory tactic. I simply was on my feet to protect my own rights. I regret very much that I was not given an opportunity for recognition.

I also regret that we are describing the tactics of the opposition of those of us who have been engaged in this particular fight as dilatory tactics, when all we have been seeking to do is to gain the opportunity for debate under the rules of the Senate as we understand them and as they are clearly written.

I do not understand how the Senator from Louisiana can work out a deal with the proponents of the current measure, which I do not consider a bill but, rather, a device to get a constitutional 60-vote majority, when the very precedents that have been established in this body in the last 2 weeks lead me to the absolute conviction, as the majority leader and the majority whip have said, that we are on the verge of a 51-vote cloture. That is the effect of the rulings we have had in this body. That is the effect of the votes behind the rulings sustained by a majority of this body.

How can you go back and say that the 51 votes do not count anymore? How can you repeal the actions of the Senate when it has acted in disregard of its own rule and its own Constitution? I do not see how you can.

It does not make any sense to me to try to negotiate unless there is a greater evidence of faith than I have seen so far. I do not consider the use of such tactics or devices as clear evidence of sincere effort to accommodate all the Members of this body in effectuating a responsible change in our rules. We have not exercised that kind of debate. We have not lived under any rules. We have been acting as if there were none, except those that the majority wanted to adhere to. Any rule it did not like, drop it; it does not matter anymore.

I resent that greatly. I fear for the

legislative process in this body unless the Senate decides, in its wisdom, that something more is at stake than 67 or 60 or 51 votes and the gagging of a Member of this body, and that is the rules and procedures and the respect of one for another that make this body a continuing and terribly important institution in the freedom of man.

Mr. HARRY F. BYRD, JR. Mr. President——

Mr. CURTIS. Mr. President——

The VICE PRESIDENT. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I think it is unfortunate that——

The VICE PRESIDENT. Order, please.

Mr. HARRY F. BYRD, JR. I think it is unfortunate that the Vice President gave as a reason for not recognizing two Senators, who clearly were on their feet, seeking recognition, the reason that it was dilatory tactics. It is unfortunate, because it does not conform with the statement made to the Senate by the Vice President, himself. I read from page 4110, February 24, 1975:

Mr. JAVITS. At what point is a motion such as that just made by the Senator from Alabama dilatory?

The VICE PRESIDENT. The Chair is advised by the Parliamentarian that there is no dilatory motion unless cloture has been invoked.

My parliamentary inquiry at this point is this: Had cloture been invoked on the pending measure?

The VICE PRESIDENT. The Chair's position is that the Senator from Alabama did not rise to make a motion. He rose for a point of inquiry.

Mr. HARRY F. BYRD, JR. Another point of inquiry, Mr. President: The Vice President will be presiding over the Senate, presumably, with great frequency. The Senate comes in early, stays late.

Presumably, the Vice President will be in the chair most of the time. Will it be the policy of the Chair not to recognize a Senator for a parliamentary inquiry?

The VICE PRESIDENT. The Chair's position is to recognize Senators whenever they rise, if they are on their feet and are appropriately, under the terms of the rules of the Senate, seeking recognition.

Mr. HARRY F. BYRD, JR. Senators cannot raise questions until the Chair gives recognition and authority to proceed. The record clearly shows that two Senators were on their feet, but I will not go over that again. It is a part of the record.

I did want to invite the Chair's attention to the fact that under the rules of the Senate, as stated by the Vice President himself, on February 24, on page 4110, there is no dilatory motion until cloture has been invoked.

The VICE PRESIDENT. I stand by that statement.

Mr. CURTIS addressed the Chair.

The VICE PRESIDENT. The Senator from Nebraska.

Mr. CURTIS. Mr. President, I commend the distinguished Senator from Louisiana for what he has done on this day to preserve the integrity of the Senate of the United States.

There is nothing personal about the position I take. I respectfully disagree with the rulings of the Vice President. The Vice President, who presides here, is a member of the executive, as I said yesterday. He has no responsibility or authority to assume a role of expediting the business or preventing dilatory action. Of course, dilatory action is not prohibited by the rules, unless cloture has been invoked.

A very important principle is involved here, and it is that each State is entitled to equal representation in the U.S. Senate. That is the reason why we have established over all these years a procedure that if someone rises to be recognized, all putting of motions and the like are suspended until that Senator has a chance to state at least why he seeks recognition. It may be that if he is faced with a motion to table, he cannot rise for the purpose of debating it, unless the motion is withheld.

I have been here a little while, and it has been the custom, to the point where I would say it is the rule of the Senate, that if a Senator rises to be recognized, the putting of motions is suspended until he can state the reason why he seeks recognition. If you abandon that, how can we maintain the very important constitutional provision that every State is entitled to equal representation in the Senate? How can you represent your State if you cannot be recognized?

If the Presiding Officer is faced with three, four, or five people seeking recognition, there are only two choices: One is to recognize one of his selection, or to recognize them all. The procedure has been—and I maintain it is so well established that it is a rule—that the Chair recognizes every one of them.

I have known of no instance where the Presiding Officer has gone ahead and put motions or taken other actions at a time that Senators were seeking recognition. It may well be that after they state their purpose for arising, they may have to be informed that a motion to table is not debatable, or that there has been a unanimous consent and the time has expired. But there is no such procedure in the U.S. Senate of a Presiding Officer gaveling Senators down in order to expedite the business. There is not any rule against taking time.

Let us think about this word dilatory. If one is anxious to get something done, what another Senator may do may be dilatory. But if one is anxious to have the Senate stop and think or to consider a question, then it is an aid to thoughtful consideration rather than dilatory. Mr. President, I submit the proposition that, unless we do away with the very fundamental constitutional principle that every State is entitled to equal representation here, when a Senator arises he must be recognized, at least to the point of stating the purpose for which he arises. And if he arises for a purpose that he cannot proceed with, he should be so informed. This is not a voluntary organization, it is not an organization that is at liberty to do anything it pleases and to delegate to a Presiding Officer, one of their number, power to do something. Our only right to be here is under the Constitution and it says that every State shall have equal representation.

Does that not mean equal right to state to the Presiding Officer one's purpose for seeking recognition?

Again, Mr. President, I wish to say that I do not enjoy this speech. I certainly do not mean anything personal about it. I think the distinguished Vice President is called upon to preside and have this experience in the Senate at a time when many decisions have arisen. I realize that there is no other body like the U.S. Senate, no other organization like the U.S. Senate, and the ordinary rule of choosing a chairman because he can hurry things through does not apply to the U.S. Senate. We are in the position of representing our States equally. The only way we can do that is to be recognized. If someone seeks recognition, he should be recognized to the point where he can state why he seeks it and then, if there is a valid reason under the rules that he cannot pursue what he seeks, he must abide by the rules.

I yield the floor.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, with the consent of the Senators, the distinguished Senator from South Carolina (Mr. HOLLINGS), whom I did not recognize previously, be recognized for 2 minutes. Of course, that will apply to any other Senator who requires recognition. Not now; at the conclusion of the others who have been recognized previously.

The VICE PRESIDENT. Without objection, it is so ordered.

The Senator from South Carolina.

Mr. THURMOND. Mr. President, I regret the action that was taken a few moments ago. In the 21 years I have been in the Senate, I do not think I have ever seen a Senator fail to be recognized. I wish to ask the Vice President a question, because I think this is most important. I realize he is a new Presiding Officer.

Did the Vice President see the distinguished Senator from Tennessee to my right, whom I was watching and who was seeking ardently to get recognition?

The VICE PRESIDENT. The Chair did not see the Senator from Tennessee, who was seeking recognition. The Chair was trying to follow the check that was being made by the clerk as to whether a sufficient number of hands were up in order to have the rollcall. The only person the Chair heard was the Senator from Alabama, who was seeking to raise a parliamentary inquiry.

Mr. THURMOND. Did the Chair see the distinguished Senator from Alabama when he made the parliamentary inquiry, and made it over and over, as the record that was just read shows?

The VICE PRESIDENT. The Chair did not see the Senator from Alabama. The Chair heard the Senator from Alabama saying that he wanted to make a point of inquiry.

Mr. THURMOND. I just checked with the Parliamentarian, and it has always been my understanding that until the first name is called, even though the roll

has been ordered to be called, a Senator has a right to be recognized. Something might come up at the very last second and if a Senator seeks recognition and speaks loud enough to be heard, or a Senator can be identified as desiring recognition, as I understand it, he should be recognized.

Is that the thinking of the Chair?

The VICE PRESIDENT. Under the precedents, re parliamentary inquiry, the Chair may decline to respond to a parliamentary inquiry. It is in the rule book.

Mr. THURMOND. The Chair may fail or decline, but is it not proper for the Chair to hear the point and then decide after he has heard the point, rather than to ignore the point and refuse to allow the Senator to make the point?

The VICE PRESIDENT. In light of the discussion that has taken place in this Chamber and my being the servant of the Senate, there is no question as to the expression of the will of the Senate, and the Chair will conform.

Mr. THURMOND. Mr. President, I wish to commend the distinguished Senator from Louisiana and the others who have expressed themselves on this matter. I think it is most important, until the first name has been called, for a Senator to be recognized in order that his State may be heard from, and in order that he, as a United States Senator, may be heard from. Whether his position is a popular position or not makes no difference. Whether his position is in accord with the Presiding Officer or not makes no difference. He has a right to be heard. I regret very much what happened here on this occasion, because I hope that a precedent has not been set where in the future a Presiding Officer can recognize or fail to recognize a Senator who seeks recognition before the first name has been called after the order has been made to call the roll.

Mr. President, not in the history of this Senate has debate ever been shut off without two-thirds of the Senators present voting to do so. A very drastic change is proposed here. It deserves the utmost consideration. It deserves the fullest debate, and it is an issue that requires the attention of the people of the country, in order for them to express themselves to their Senators. A great many times, debate is helpful, because the people of the Nation may not know the questions involved and the seriousness of these questions, until their Senator takes the floor and explains to the Nation what he is trying to do in their behalf.

It is most urgent, in my opinion, for debate not to be shut off until the required number has been reached.

In this case, it has been stated that there were no dilatory motions, because there could not be any, as has already been stated, until after cloture has been voted.

I hope that no precedent has been established today that will permit any Presiding Officer in the future to fail to recognize any Senator before the first name on the roll call has been called. I am disturbed over what has occurred, and I believe the Senate is disturbed. Those who favor this amendment and those who oppose making this change are disturbed, because, after all, this is said to be the greatest deliberative body in the world, but this will no longer be true if the Presiding Officer fails to recognize a Senator and give him the right to make the points that he feels are essential to the debate on the issue in question.

The VICE PRESIDENT. In answering or commenting on the questions you asked, the Chair does not recognize the ideological purposes of one Senator or another. The Chair recognizes Senators on the basis of leadership, or the first person seen on his feet.

I should like to point out that the Chair recognized the distinguished Senator from Alabama yesterday, who was given the opportunity to speak for the entire day. So it is not as though the Chair was discriminating, and I do not want you ever to think that it is. That was not the Chair's purpose or desire, and if there is any feeling on the part of the Senator from Alabama, I have already apologized if he should have felt that way.

The Senator from Idaho is recognized.

Mr. McCLURE. I thank the Chair for recognizing the Senator from Idaho.

I take part in this colloquy rather reluctantly, but I think it may be necessary—reluctantly because I think the passions of Members may lead to comments, either from the Senator from Idaho or from others, which might, upon reflection, better have been withheld. The very fact that emotions have been aroused by the parliamentary sequence of events may lead to some recognition and appreciation of the importance of those events, and the passions with which certain positions are held by various Members.

We may, by some unanimous-consent device, arrive at a conclusion of the business before the Senate with respect to rule XXII, but that does not cure either the precedents that have been made in this body nor the damage that has been done to the fragile fabric of freedom which tyrants have always sought to rend, and sometimes have succeeded.

Men and women have died for the issue of freedom, and a part of those freedoms are embodied in the rights of minorities. One of the first rights in this country was over whether or not we would adopt a constitution that did not have embedded in it the Bill of Rights—a bill of rights which was not addressed to the rights of a majority but which was addressed to protecting the rights of minorities.

Even a minority of one in these United States, one person out of over 200 million, still has rights under the Constitution of the United States—rights which the majority cannot trample, simply because that majority has power.

The history of this Republic of ours was dedicated rather uniquely to the proposition of the rights of the poor, the weak, and the defenseless, and some of the most classic debates in our history have been around the question of whether or not the majority was going to be permitted to trample those minority rights simply because the majority had the power to do so.

In 1968, the U.S. public watched the Democratic Convention in Chicago, and there was a spirit of revulsion across this country as they saw minority rights, on the floor of that convention hall in Chicago, trampled by a presiding officer who refused to recognize the rights of the people within that body to present motions or to make statements which they desired to make.

Yes, the Presiding Officer had the authority and the power, and he exercised it; and the American people turned their backs away from that abuse of authority.

We have just recently seen a President of the United States resign from office, not because of anything that was inherently illegal in his actions, but because of an abuse of authority which the American people found repugnant. The American people and the Members of the Congress, responding to that feeling of the American people against an abuse of authority, put pressure upon the President of the United States that led to his resignation, not because of the crime that was committed but because of the arbitrary use of authority which he arrogated onto himself.

So it is with heavy heart that I see not only the efforts made in other places at other times by arbitrary authority in the hands of one or many to trample the rights of a minority underfoot, but I see that invade the Halls of this Senate and I say with a very heavy heart that no matter what unanimous-consent agreement is reached here, and I hope one can be arrived at, it cannot cleanse the blot on the record of the Senate.

The VICE PRESIDENT. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, the Senator from South Carolina would only rise briefly to straighten out these rules. I have great affection for the distinguished occupant of the Chair. The Vice President and I took office as Governors of our separate States back in 1959. I served with him for 4 years as a member of the Governors' conference, and I know he is sincere and genuine when he says he means no discourtesy. He has always, even though we differed during those 4 years on many votes and items within the conference, he has always been a man of the greatest courtesy.

But unfortunately, Mr. President, the distinguished Vice President is about as confused as he can be when he tries to measure the rules of the U.S. Senate with his view, on the one hand, that since the majority leader was alluding to dilatory tactics, he has been charged with a duty to decide or take a part in the particular debate, and thinks he is helping things along, or on the other hand, when he thinks that since he recognized the Senator from Alabama yesterday when presumably "he did not have to," showing how fair he was yesterday, he does not have to recognize him today.

The rules of the U.S. Senate say that a Senator shall be recognized. Do not let that Parliamentarian confuse the Presiding Officer about the rule respecting a parliamentary inquiry. A parliamentary inquiry and the right of recognition are

two different things. I threw my mind into neutral gear when we got various parliamentary rulings around here that could not be defended, because I found it helped my personality not to get frustrated.

I found, when the Chair ruled about the right of recognition, the reference to that rule on page 588 of Senate procedure which says that the Chair may decline to answer parliamentary inquiries. That goes to the point where a Senator is trying to give a last minute argument. A Senator may want to do that, after everything has been debated he may hope to get his message over to his colleagues, and the point of view of his State, and he states his argument in the form of a parliamentary inquiry that no Presiding Officer could possibly answer, and that is the reason for the provision of that rule.

But let us look at the rule, Mr. President.

Mr. President, I ask unanimous consent to continue, if I can, and without objection I shall.

Mr. MANSFIELD. How much time does the Senator wish to have?

Mr. HOLLINGS. About 3 minutes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the distinguished Senator from Virginia be recognized for 5 minutes.

Mr. HOLLINGS. Let me be recognized because I am sure the Presiding Officer and the Parliamentarian cannot show me in these rules where Senators shall not be recognized.

He has pointed out that he does not have to answer a parliamentary inquiry. But let us look at the rule: Rule XIX:

When a Senator desires to speak, he shall rise and address the Presiding Officer, and shall not proceed until he is recognized, and the Presiding Officer shall recognize the Senator who shall first address him.

The Presiding Officer shall recognize the Senator.

Which one? The one who shall first address him.

Now, let us look at the rule book of the Parliamentarian for all kinds of references to recognition, and if we turn to page 673, and we find the language where the Parliamentarian in his Senate procedure book says:

It is the duty of the Presiding Officer to recognize the Senator who first addresses him. . . .

On further, and next to the paragraph at the bottom:

The Chair should recognize the Senator who first addresses him—

Again turning to the top of page 674:

Every Senator—

We do not have to talk about courtesy, it is a matter of right—
in due time has a right—

In the Parliamentarian's language—
to recognition before the Senate acts on an issue unless by unanimous consent—

There are plenty of rules in here to seat a Senator. If I am out of order the Presiding Officer has a perfect way to take me off my feet. He can ask that I be seated, rule me out of order, and then that is appealable. So the ultimate ruling of actually getting this floor is retained within the body itself, on appeal to the Senate in the last instance.

Referring again—not about this parliamentary inquiry but about recognition. Let us not slough this one off. It talks about going up to the Chair, which is a matter of courtesy and habit and tradition, and many times a Senator, while this distinguished Presiding Officer is going to be presiding, he will have Senators say, "I have been here and I have got to go and catch this plane, and I wish you would recognize me."

It says there:

The Senator who gave the notice should rise at the specified hour, the Senator previously addressing the Senate having yielded the floor, and address the Presiding Officer in order to obtain recognition; however, a Senator who has given such notice is usually recognized as a matter of courtesy, based on custom only, since there is no provision in the rule entitling him to recognition as a matter of right.

First, they are talking about seriatim:

If another Senator first rises and addresses the Chair, it is the duty of the Presiding Officer, under the rule, to recognize such Senator when he insists upon the right to the floor.

That is the language in the rules and the Senate Procedure book, and the parliamentary rulings, the right to the floor, the duty to be recognized, and I think the Presiding Officer ought to get better advice from the Parliamentarian.

The Vice President, poor fellow, has only been here a month, trying to keep up with all of these programs, getting the Domestic Council straight, and I do not blame the Presiding Officer. But do not get caught up with the debate and get caught up with the idea of fairness, "Because I recognized you yesterday then I think I ought to look around and recognize somebody else tomorrow."

The Senator from Alabama can stand here and keep on under these rules. We have got a way to shut him up. It is stated in these rules. But the Senator has got to be recognized, he has a right under the rules, and the Presiding Officer should really, in addition to his apology, reverse that ruling and not confuse it with the answer to a parliamentary inquiry. That is a different thing. We are talking about the right of recognition here today.

Mr. WILLIAM L. SCOTT. Mr. President, I realize the difficult job that the Vice President has to perform in presiding over the Senate. All of the Members of the Senate, not as Vice President but as Presiding Officer, have faced the same fact that the Vice President is called upon to face each day. It is the practice in the Senate to have the more junior Members preside over the Senate, I think oftentimes because the more senior Members do not want to be tied down to the chair, so it is quite easy to be sympathetic with the Vice President.

I recall though in the last few days both Senators from Virginia were on their feet seeking recognition prior to the rollcall starting, and both of us have failed to be recognized, I think quite improperly, and I am in general agreement with the statements that have been made.

I think, however, Mr. President, that we have carried this far enough. If the Senate can get the message to the Presiding Officer, I think we have done it. If we have not done it now, I do not think we will ever get that message to the present occupant of the Chair.

I would like to add one further comment, however. I would call the Presiding Officer's attention to a paragraph on page 395 of Senate Procedure which is entitled "Chair Does Not Participate In" and it reads as follows:

The Presiding Officer has no right to engage in conversation with Senators on the floor; he should not participate in debate. Nevertheless, the Presiding Officer on a few occasions has taken the liberty of making certain remarks in the nature of debate in the absence of a point of order being made.

I would say to the distinguished Vice President that this is the procedure prepared by Dr. Riddick, long-time Parliamentarian of this body, in 1974, just before he left office.

Now, I think the Members of the Senate have been partly responsible for the colloquy that has taken place between the Chair and the Members of the Senate. So I do not say this in a critical vein but I thought the Presiding Officer should know that this is a part of the procedure in the Senate.

Mr. MORGAN addressed the Chair.

Mr. MANSFIELD. Mr. President, how much time does the Senator desire?

Mr. MORGAN. Two minutes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator be recognized for not to exceed 3 mnutes.

Mr. MORGAN. While we are on the question of the fairness, I would like to comment on an incident on yesterday which, I think, the Chair is not to blame for.

Like the Senator from South Carolina, I had not been too concerned about the motions and the debates until I was present in the Senate either yesterday or the day before, and I observed that the Chair failed to recognize the Senator from Alabama, much as the situation was today. The Chair announced at that time that the clerk had begun to call the roll.

I had not heard the clerk call anyone's name, so I made some inquiry as to whether or not he had called the roll, and I was informed that a Member of one side or the other was standing at the clerk's desk to get his vote in the very moment that the Vice President called for a rollcall in order to prevent a point of inquiry, and this was a normal procedure.

I think it is not only important that we conduct our proceedings in a method of fairness but I think it is also important that they appear to be fair, and if that is a gimmick to cut off debate, it is one that I think should not be allowed, and it is one that I find no rules for or no provisions for in the Senate rules.

But I would again point out that if this was error, that it is not attributable to the Vice President because I understand that it has been the custom in the past.

The VICE PRESIDENT. I do not think, if the Senator will forgive me, that I was presiding when this incident took place.

Mr. MORGAN. Mr. President, that was my recollection, but I would add that from that point on, my attitude became a little different about the proceedings and I am not sure whether—I was of the impression, but at any rate, I am not blaming the Chair because I understand it has been the custom in the Senate to do just that.

Mr. MANSFIELD. Mr. President——

The VICE PRESIDENT. The Senator from Montana.

Mr. MANSFIELD. Mr. President, I would like to make what I hope will be a constructive suggestion, and that is that the precedent by means of which Senators have risen to make a parliamentary inquiry be honored in the observance, even though it is not in the rules and procedures of the Senate.

I make this suggestion most respectfully because in my many years in this body the usual practice has been to recognize a Senator regardless of the circumstances if he raised a point of order, and the presiding officer had to assume that that point of order was legitimate.

FURTHER URGENT SUPPLEMENTAL APPROPRIATIONS, 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at this time, under the previous agreement, the Senate turn to Calendar No. 23, House Joint Resolution 210, that it be laid before the Senate, and made the pending business, and I ask for the yeas and nays on final passage.

The VICE PRESIDENT. The joint resolution will be stated by the title clerk.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 210) making further urgent supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes, with an amendment.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution (H.J. Res. 210) making further urgent supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes, which had been reported from the Committee on Appropriations with an amendment.

On page 2, beginning with line 15, insert:

CAPITOL BUILDINGS AND GROUNDS

CAPITOL GROUNDS

For an additional amount for "Capitol Grounds" to enable the Architect of the Capitol to convert squares 680, 681 West, and 722, now a part of the United States Capitol, Grounds, for use as temporary parking facilities for the United States Senate, $134,000, to remain available until June 30, 1976.

ACQUISITION OF PROPERTY AS A SITE FOR PARKING FACILITIES FOR THE U.S. SENATE

For an additional amount for "Acquisition of property for a site for parking facilities for the United States Senate", $866,000, to remain available until expended.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The VICE PRESIDENT. There are 15 minutes for each side.

Mr. McCLELLAN. Mr. President, the further urgent joint resolution we bring before the Senate today would appropriate $143,175,000. Of this amount, $125 million is for operating assistance for the Penn Central and other railroads in reorganization under the Regional Rail Reorganization Act. These funds are urgently needed to insure that essential rail service will be continued in the Northeast and Midwest regions of the country during this reorganization process. The railroads have experienced critical cash shortages as a result of the coal strike, the decline in shipment of automobiles, and the current recession.

The balance of the joint resolution would provide additional office space for the House of Representatives as well as critically needed parking facilities for the Senate. The other body provided a total of $17,175,000 in the bill to take over a building in southwest Washington that is being vacated by the Federal Bureau of Investigation. This is entirely a House matter and, in keeping with longstanding custom that each branch of Congress determines its own needs, no change was made to these items by the Senate.

The committee received testimony from the Architect of the Capitol of the urgent requirements of the Senate for additional parking spaces. The construction of the extension of the Dirksen Office Building will take away 335 parking spaces. The Architect has recommended that $134,000 be used to convert three squares that are part of the Capitol grounds near Union Station for parking use. Two of these squares have been used by Metro for the construction of the subway and are now ready to be landscaped. Hence, it is urgent that a decision be made about converting these squares before Metro unnecessarily spends money on restoring them if they are to be used for parking.

The committee has also provided $866,000 as an additional appropriation for the acquisition of square 724 from the Dirksen Office Building for eventual use as a Senate garage. This acquisition is duly authorized.

I yield to the distinguished Senator from North Dakota.

The PRESIDING OFFICER (Mr. ABOUREZK). The Senator from North Dakota is recognized.

Mr. YOUNG. Mr. President, this is not a complex bill, as explained by the distinguished chairman of the committee (Mr. McCLELLAN). Part of the provisions would normally be contained in the legislative appropriations bill for both the House and the Senate. These are things we have to do. The major item is $125 million to provide relief to the Penn Central Railroad and other Northeast railroads.

This, I think, is a debatable subject. I do not know how long we can continue to finance public railroads, but in this case I see no other alternative. These rails are important to the northeastern part of the United States, and, I have been told, they would have to discontinue service within a matter of 2 or 3 weeks.

So I see no alternative but to appropriate the money contained in this bill. I hope the bill will pass as reported.

Mr. McCLELLAN. Mr. President——

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the committee amendment be agreed to.

The PRESIDING OFFICER. Without objection, the committee amendment is agreed to.

Mr. McCLELLAN. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 4, after line 15, insert the following:

"GENERAL PROVISION

"SEC. 101. Section 205 of the Supplemental Appropriations Act, 1975 (Public Law 93-554) is hereby repealed: *Provided*, That none of the limitations on Travel included in the regular appropriations for fiscal year 1975 shall be exceeded."

Mr. McCLELLAN. Mr. President, I will try to be brief. This amendment would repeal the general provision, included in the Supplemental Appropriations Act, 1974, enacted on December 27, which placed a limitation on travel expenses, including subsistence allowances of Government officers and employees. That provision does not provide nor allow any exemptions or exceptions to the limitation for any agency or activity of the Government and applies equally to the executive, legislative, and judicial branches of the Federal Government. Briefly, I shall explain the background of this limitation.

When the Supplemental Appropriations Act was being considered in the Senate, an amendment was offered from the floor by the distinguished Senator from Delaware (Mr. ROTH) with a number of cosponsors, to limit Government travel expenditures to 75 percent of the amount expended for such in the preceding fiscal year. The objectives of this Roth amendment to reduce expenditures, were roundly supported, and it was accepted and taken to conference.

Under closer examination and study of the Roth amendment by the conferees, and after having checked with a number of agencies which, by the way, all clamored for exceptions and exemptions, it was determined by the conferees that the effect of the limitation as accepted by the Senate was of such severe proportions that it would cause many vital Government functions to cease and be seriously disrupted. Accordingly, the conferees modified the limitation to one which it was thought would be workable and less restrictive than the original provision.

The conference report language relating to that provision reads:

The conferees are in sympathy with the objective of curtailing all unnecessary Government travel and thereby reducing expenditures and conserving scarce energy resources. Accordingly, it is the intent of the conferees that this provision apply to all Government officers and employees in the Executive, Legislative and Judicial branches of the Government. In addition, it is the intent of the conferees that the Appropriations

Subcommittees conduct a continuing review of Government travel costs of individual departments and agencies with a view toward achieving further economies and reductions where practicable.

The implementation of this limitation which was based on the fiscal year 1975 budget estimates required that it be carried out on an account by account basis.

Many agencies and departments have been in touch with the House and Senate Appropriations Committees regarding the problems created by this limitation, even though modified, in effectively and efficiently carrying out their assigned duties and responsibilities. I will not attempt to elaborate on these problems, as many Senators are aware of them, having heard from their constituents and from the agencies as to why certain projects and programs must be halted. Several Senators have written the Appropriations Committee to take action in connection with this matter.

Since no exemptions or exceptions were permitted under the travel limitation, many agencies with regulatory and enforcement responsibilities, including safety inspections, have had to sharply curtail field work. Agencies involved in construction activities—such as Bureau in the Department of the Interior, Corps of Engineers—have had to slow down and curtail their work. Routine operation and maintenance activities on Government lands and projects have been adversely affected.

The limitation is causing such unanticipated and unintended results that many programs and functions will have to cease unless the limitation is removed.

The major reasons why the travel limitation is causing these problems follow:

First. The budget estimates upon which the limitation is based were prepared approximately a year in advance of the beginning of the current fiscal year. The estimates did not anticipate the fast pace of inflation, including the large fuel cost increases that occurred.

Second. Poor base budget estimates notwithstanding the inflation factor.

Third. Unanticipated requirements added by Congress without corresponding increases in funds to carry out the additional directives.

Fourth. The limitation was placed on the departments and agencies during midyear after 6 months of the fiscal year had already passed. Many agencies' actual costs in the first half of the year were at such rates that once the limitation was imposed, the obligations and commitments as planned for the entire year are now disrupted, and insufficient flexibility remains under the limitation for the rest of the fiscal year.

Mr. President, I have talked to the chairman of the Appropriations Committee of the House of Representatives and advised him that I would propose such an amendment here today. I am of the opinion, from his remarks, that this amendment will likely be accepted by the House, hopefully so, and that no conference will be required.

I yield to the Senator from North Dakota.

Mr. YOUNG. Mr. President, I believe under normal conditions the Government could live with these limitations, but we have a large number of people unemployed now. The best way to handle these programs, such as those that come under the Corps of Engineers, the Bureau of Reclamation, and other agencies, is to have more travel if they are to provide additional jobs for the unemployed.

Mr. McCLELLAN. Mr. President, I might make one other observation. This limitation was not imposed until the fiscal year was about half over. Therefore, it really amounted to a limitation of about 20 percent of the past appropriations.

I believe this needs examination each year, of course, in an appropriation bill. This amendment was offered on the floor, and we took it to conference with the result that we reduced it to 10 percent, but that still had the effect of a 20-percent reduction over the previous year.

It has not worked. Therefore, I hope we will have unanimous agreement that this amendment to be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. HARRY F. BYRD, JR. Mr. President, I ask that the RECORD show that the Senator from Virginia voted "no."

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

Mr. McCLELLAN. Mr. President, I understand that the author of the amendment we are discussing is on his way to the Chamber. We did let him know that this would come up.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HOLLINGS. Mr. President, chapter I of House Joint Resolution 210 provides a total of $18,175,000 in supplemental appropriations for the legislative branch. The bulk of this amount, $17,175,000 to be exact, is for the House of Representatives to provide additional office space, primarily at the former FBI Fingerprint Building they have acquired at Second and D Streets SW. Due to the passage of two recent acts, the other body deems that it has a critical need for additional space, and in accordance with the long standing custom that each body determines its own needs, we have made no change to the House items.

The committee received testimony from the Architect of the Capitol regarding similarly urgent items for the Senate, particularly with regard to employee parking. I am sure it is generally known that excavation will soon get underway for the extension of the Dirksen Building. This will eliminate 258 parking spots in the eastern half of square 725 along with 77 spaces in the basement area of the Dirksen Building, or 335 spaces in all. The Architect and the chairman of the Rules Committee have found three squares of the Capitol Grounds by Union Station that, if converted to parking, will offset 300 of this loss and require $134,000. In addition, the Architect can create 60 additional spaces in square 724 that we are taking for eventual use as a Senate garage by demolishing unnecessary small structures and by changing the configuration of the lot—so there will actually be a net gain of 25 spaces.

The urgency comes about because Metro is presently using two of the squares in connection with construction of the subway. Metro is duty-bound to restore those two squares to their former landscaped condition but it would be a waste of money to do that if we are going to make them into temporary parking lots. Metro is finished with those squares and must pay their contractor penalties of $2,500 a day for any delays in finishing up work on the squares. By taking this action now, Metro will not incur unnecessary costs, and will either do a portion of the work of turning the squares into a parking lot, or provide funds in the amount of the cost of relandscaping. Negotiations are currently underway with Metro to work out the details.

The committee has also included $866,000 for an additional appropriation for the acquisition of properties and related costs in square 724 that will eventually be used for a Senate garage. We appropriated $4,075,000 in the Supplemental Appropriations Act, 1973 for the taking of the privately owned properties in this square, including relocation allowances to the owners and occupants, the demolition of any buildings not required for Senate use, and the use of the acquired properties by the Senate.

The Senate had previously acquired the Plaza Hotel and also took over the former Immigration Building in this square, both of which are being used for Senate office space. This additional appropriation is required because of the relocation costs for the owners and occupants and the altering of the Immigration Building and the Capitol Hill Hotel—Carroll Arms—into office space is costing more than originally estimated.

The committee reduced the amount for square 724 by the amount needed to convert the three squares into parking lots. The committee has specifically denied the funds for the demolition of the Hill Apartments building. This is a solid six-story structure that might be needed for Senate office space during the construction of the Dirksen extension, and the committee believes that it should not be razed until the Senate's requirements are more certain.

Mr. BAYH. Mr. President, chapter II of House Joint Resolution 210 would provide $125 million in operating assistance for the Penn Central, the Erie Lackawanna, and the other railroads in reorganization under the Regional Rail Reorganization Act of 1973, as amended. The original authorization of $85 million for this type of assistance has been fully appropriated and made available to the railroads by the Federal Railroad Administration. However, testimony before the committee indicates that a serious cash shortage has developed for these railroads in recent months due to such factors as the coal strike, the decline in auto shipments, and the current recession in the economy. The additional funds provided by this resolution are necessary immediately to keep these railroads operating currently and for the next several months. Penn Central has shown that it cannot meet this week's payroll without additional funds. This

would dictate an immediate embargo of all traffic and would set in motion a chain of events that would be catastrophe for the entire Nation.

These railroads serve an area in which over 40 percent of the Nation's people reside and which produces over half of the Nation's industrial output. The Penn Central alone employs some 80,000 people and operates over a rail system of around 19,000 miles. The adverse impact of such a shutdown would not be confined to the Northeast and Midwest, however. These railroads are an integral part of a national rail system which links the entire country. The Northeast railroads receive over 300 cars daily from Alabama, over 640 from California, and over 500 from Minnesota. In return, these companies send out around 700 cars a day to Texas, 200 to the State of Washington, and over 500 to Tennessee. It has been estimated that a 2-month embargo on traffic by these railroads would reduce the gross national product by 3 percent and reduce overall economic activity by almost 4 percent. In addition, a shutdown at this time, when the Nation desperately needs to find more energy efficient means of transporting its goods as well as its citizens, would cripple the efforts that are presently underway to develop a modern and efficient rail system in this country.

In urging passage of this appropriation, I am not condoning the practices of the Penn Central management over the past 30 years. Much of the rail system in the Northeast was built in the early 1900's and has not been properly maintained since World War II. But the situation we are facing today is one where we either appropriate these funds or the railroads will cease operations. We simply cannot allow that to happen.

Mr. President, I urge the Senate to accept the committee's recommendations.

THE FEDERAL TRAVEL AMENDMENT

Mr. ROTH. Mr. President, although I strongly support the assistance being given the Penn Central as necessary to the economy of the Eastern seaboard I greatly regret that this legislation is eliminating the limitations—Federal travel agreed to last year. I recognize that there were certain hardships created by this legislation, but it would have been preferable in my judgment, to correct those situations where there were true hardship, while leaving the restraints in other areas of governmental activity. Originally, I intended to make the limitation apply to the Government as a whole, so that the executive branch would have the discretion to decide where travel could be prudently restrained. Unfortunately the parliamentary situation was such that this was not possible.

In any event, the limitation has been eliminated, because of complaints received from many agencies, some valid, others undoubtedly questionable.

I regret the unwillingness of the executive branch to try to find means of making savings without jeopardizing legitimate activities. They are the only ones that can intelligently decide what travel is necessary and what travel is unnecessary. No one wants to limit travel that is essential to vital services of the Government, whether it be by the executive, judiciary, and Congress. What I do want to eliminate is travel that can be dispensed with without interrupting vital Government service. The exceutive branch could, I am convinced, come up with a proposal that would have protected essential travel while achieving the general objectives of this travel limitation. It did not do so and as a result, we now have the sad spectacle of the Government telling the American people to restrain their use of energy, but failing to lead by example. It is hard to explain to the people back home that they must sacrifice when the Federal Government shows no willingness to tighten its belt. The time is for some hard decisions to be made by the Government at every level. I hope and urge the executive and other branches of Government to do so with respect to travel in the next fiscal budget.

Mr. President, I shall vote against this legislation for the reasons already set out. I will support the appropriation for the Penn Central as a vital step to restore necessary mass transportation services.

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the joint resolution.

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

The joint resolution was read the third time.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. McCLELLAN. I yield back the remainder of my time.

Mr. YOUNG. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The joint resolution, 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 Missouri (Mr. EAGLETON), the Senator from Missouri (Mr. SYMINGTON), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "yea".

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. HRUSKA) is necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BARTLETT) and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

The result was announced—yeas 60, nays 30, as follows:

[Rollcall Vote No. 31 Leg.]

YEAS—60

Abourezk	Hartke	Montoya
Baker	Haskell	Moss
Bayh	Hatfield	Muskie
Beall	Hathaway	Nelson
Bentsen	Hollings	Pastore
Biden	Huddleston	Pearson
Brooke	Jackson	Pell
Buckley	Javits	Randolph
Bumpers	Johnston	Ribicoff
Case	Kennedy	Schweiker
Clark	Leahy	Scott, Hugh
Culver	Long	Sparkman
Domenici	Magnuson	Stafford
Eastland	Mathias	Stevens
Fong	McClellan	Stevenson
Ford	McGee	Tower
Glenn	McGovern	Tunney
Griffin	McIntyre	Weicker
Hansen	Metcalf	Williams
Hart, Philip A.	Mondale	Young

NAYS—30

Allen	Curtis	Nunn
Bellmon	Dole	Packwood
Brock	Fannin	Proxmire
Burdick	Garn	Roth
Byrd, Harry F., Jr.	Goldwater	Scott, William L.
Byrd, Robert C.	Hart, Gary W.	Stennis
Cannon	Helms	Stone
Chiles	Laxalt	Talmadge
Church	Mansfield	Thurmond
Cranston	McClure	
	Morgan	

NOT VOTING—9

Bartlett	Hruska	Percy
Eagleton	Humphrey	Symington
Gravel	Inouye	Taft

So the joint resolution (H.J. Res. 210) was passed.

Mr. McCLELLAN. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. HARTKE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 30 minutes, with statements limited therein to 5 minutes.

The PRESIDING OFFICER (Mr. STONE). Without objection, it is so ordered.

A TRIBUTE TO THE VICE PRESIDENT

Mr. CRANSTON. Mr. President, as the Senator from Alabama has noted, I have not heretofore spoken on the matter of the rule XXII change during the debates, although I have been active in that matter. I wanted to speak after discussion of the Vice President's rulings and procedures began, but I was in the cloakrooms, involved in discussions of the compromise that emerged from the very statesmanlike suggestions that came from the Senator from Louisiana and the majority leader. I came back to the floor hoping to be able to comment, because I gathered that the Vice President was being criticized roundly on both sides of the aisle. When I managed to get back to the floor, however, the matter had been taken from the Senate floor and we were on the matter of the Penn Central Railroad.

I wish to say that I understand the feelings of those who have commented in

a critical way on the procedure followed by the Vice President, and I understand the ruffled feelings that existed on the Senate floor and that led to the efforts to work out a compromise—which I very much hope will work. Again, I pay tribute to the Senator from Louisiana, who is now here, for his very fine intervention in this matter.

It seems to me, however, and I wanted to get this into the RECORD, that the Vice President has presided over the Senate in this matter in perhaps one of the most difficult times that have ever confronted a Vice President so soon after he has entered the Vice Presidency. I know that he has prepared himself with great diligence. He has studied the rules very carefully; he has studied the precedents. He has consulted widely. He has had the benefit of some very fine staff work, I believe. And, of course, he has had a torent of advice from both sides of this issue, with people importuning him to do this, to do that or the contrary, or to do something else.

I feel that the Vice President has presided under very difficult circumstances and made his rulings with great confidence, with great competence, and with great courage. He was listening attentively and, I think, was guided a great deal by the Parliamentarian, who is a man who knows the precedents and the rules very, very well. He was also making his own judgments. The Vice President was seeking to be fair.

There were times when I was not too pleased with the recognitions that came. There were times when I felt that he might have recognized somebody on a different team. So I think there have been people of both sides of the controversy who at times have not been totally pleased. But it has been my feeling that he has sought to be as fair as possible.

Quite plainly, he did go by the rules and the precedents in the particular incident that provoked the heated discussion and the heated aftermath.

On the matter of courtesy in recognizing individual Senators when they are on their feet at particular moments. When one is confronted by rules and precedents that say one thing and when courtesy might say something else, I can understand that a man presiding so early in his career as Vice President might feel that he was bound by the rules and the precedents and by what, I think, the Parliamentarian told him. That is my understanding of the thinking behind the actions taken by the Vice President. Once again, I wish to pay tribute to him for his high competence, his courage, and his sense of confidence about what he is doing. I think he is doing it very well.

MESSAGE FROM THE HOUSE

At 11:32 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93-398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94-39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93-391), transmitted pursuant to the Impoundment Control Act of 1974; and the joint resolution (H.J. Res. 219) making further continuing appropriations for the fiscal year 1975, and for other purposes, in which it requests the concurrence of the Senate.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

REPORT OF THE FEDERAL ENERGY ADMINISTRATION

A letter from the Administrator of the Federal Energy Administration transmitting, pursuant to law, a report for the period of October through December 1974 concerning imports of crude oil, residual fuel oil, refined petroleum products, natural gas, and coal; domestic reserves and production of crude oil, natural gas, and coal; refinery activities, and inventories (with an accompanying report); to the Committee on Interior and Insular Affairs.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

Two petitions from the Statewide Committees Opposing Regional Plan Areas, Powell Butte, Oreg., relative to redress of grievances; to the Committee on Government Operations.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 219) making further continuing appropriations for the fiscal year 1975, and for other purposes, was read twice by title and referred to the Committee on Appropriations.

HOUSE BILL REFERRED

The bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93-398), and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94-39), and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93-391), transmitted pursuant to the Impoundment Control Act of 1974, was read twice by title and referred to the Committee on Appropriations and the Committee on the Budget, pursuant to the order of January 30, 1975.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

S. Res. 91. An original resolution relating to the activities of the Committee on Foreign Relations in facilitating the interchange and reception of certain foreign dignitaries (Rept. No. 94-22).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. MANSFIELD:

S. 842. A bill for the relief of the Mondakota Gas Co. Referred to the Committee on the Judiciary.

By Mr. BELLMON (for himself and Mr. BARTLETT):

S. 843. A bill to provide that certain rural hospitals shall be exempt for a period of 18 months from the requirements and provisions of title XI of the Social Security Act relating to professional standards review organizations, and from the 1972 amendments to titles XVIII, XIX, and V of such act (and the recently approved regulations relating thereto) on utilization review and utilization control under the medicare, medicaid, and maternal and child health programs; and to provide for a 6-month study of alternative methods of utilization review and utilization control for such hospitals. Referred to the Committee on Finance.

By Mr. HUDDLESTON:

S. 844. A bill for the relief of Dr. Benedicto Principe and his wife, Erlinda Madula Principe. Referred to the Committee on the Judiciary.

By Mr. HUGH SCOTT (for himself and Mr. SCHWEIKER):

S. 845. A bill to amend the Internal Revenue Code of 1954 to provide that an individual who suffers a casualty loss as the result of a major disaster may disregard the amount of any grant or cancellation of any loan made under a State disaster assistance program for purposes of determining the amount of that individual's casualty loss deduction and of determining his gross income. Referred to the Committee on Finance.

By Mr. HUGH SCOTT (for himself, Mr. MANSFIELD, Mr. GRIFFIN, Mr. SPARKMAN, Mr. CASE, Mr. STENNIS, and Mr. TOWER):

S. 846. A bill to authorize the further suspension of prohibitions against military assistance to Turkey, and for other purposes. Referred to the Committee on Foreign Relations.

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

S. 847. A bill to establish the Seward National Recreation Area in the State of Alaska, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. SPARKMAN:

S. 848. A bill to amend section 2 of the National Housing Act to increase the maximum loan amounts for the purchase of mobile homes. Referred to the Committee on Banking, Housing and Urban Affairs.

S. 849. A bill to clarify the eligibility of small business homebuilding firms for assistance under the Small Business Act. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. McGOVERN (for himself, Mr. KENNEDY, Mr. HUMPHREY, Mr. PHILIP A. HART, and Mr. CLARK):

S. 850. A bill to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children, the special supplemental food program, and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs. Referred to the Committee on Agriculture and Forestry.

By Mr. MOSS:

S. 851. A bill to direct the National Aeronautics and Space Administration to conduct a comprehensive program of research, technology, and monitoring of the phenom-

ena of the upper atmosphere, and for other purposes. Referred to the Committee on Aeronautical and Space Sciences.

By Mr. HARTKE (for himself and Mr. PEARSON):

S. 852. A bill to amend the Rail Passenger Service Act. Referred to the Committee on Commerce.

By Mr. METCALF:

S. 853. A bill relating to the sale of certain timber, cordwood, and other forest products. Referred to the Committe on Interior and Insular Affairs.

By Mr. NELSON:

S. 854. A bill to amend the Foreign Military Sales Act to require congressional approval for any sale, credit sale, or guarantee involving a major weapons system or major defense service, and to require congressional approval of the total amount of sales, credit sales, and guaranties made to any country or international organization. Referred to the Committee on Foreign Relations.

By Mr. THURMOND:

S. 855. A bill relating to the age and service requirements for the resignation and retirement of justices and judges of the United States. Referred to the Committee on the Judiciary.

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

S. 856. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the eastern New Mexico water supply project, New Mexico, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. PHILIP A. HART (for himself and Mr. RIBICOFF):

S. 857. A bill to provide for the independence of certain regulatory agencies of the Federal Government, and to increase the accountability to the public of such agencies. Referred to the Committee on Government Operations.

By Mr. HANSEN:

S. 858. A bill to amend title 38, United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of cemeteries for veterans. Referred to the Committee on Veterans' Affairs.

By Mr. BURDICK:

S. 859. A bill directing the Corps of Engineers to undertake the relocation of certain water intakes of the city of Williston, N. Dak., threatened with siltation. Referred to the Committee on Public Works.

By Mr. HATFIELD (for himself and Mr. PACKWOOD):

S. 860. A bill to amend the Fair Labor Standards Act of 1938 with respect to certain agricultural hand harvest laborers. Referred to the Committee on Labor and Public Welfare.

By Mr. CHURCH (for himself, Mr. JOHNSTON, Mr. FANNIN, Mr. HANSEN, Mr. SPARKMAN, Mr. GRAVEL, Mr. CRANSTON, Mr. TUNNEY, Mr. HUMPHREY, Mr. CURTIS, Mr. MCGEE, Mr. BAYH, Mr. ABOUREZK, Mr. BUCKLEY, Mr. MONTOYA, Mr. MOSS, Mr. BAKER, Mr. EASTLAND, Mr. HATFIELD, Mr. MCCLURE, Mr. BENTSEN, and Mr. TOWER):

S. 861. A bill to amend section 4 of the Emergency Petroleum Allocation Act of 1973. Referred to the Committee on Interior and Insular Affairs.

By Mr. CHURCH:

S. 862. A bill to amend the Social Security Act to provide for the coverage of certain drugs under part A of the health insurance program established by title XVIII of such act. Referred to the Committee on Finance.

By Mr. PEARSON (for himself, Mr. HARTKE, Mr. STEVENSON, and Mr. WEICKER):

S. 863. A bill to regulate commerce by improving the procedures of the Interstate Commerce Commission with respect to abandonments of lines of railroad and terminations of rail service and by providing for the continuation of essential but economically nonviable local rail services, and for other purposes. Referred to the Committee on Commerce.

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

S. 864. A bill to amend the act entitled "An Act to authorize the sale of certain public lands in Alaska to the Catholic Bishop of Northern Alaska for use as a mission school," approved August 8, 1953. Referred to the Committee on Interior and Insular Affairs.

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

S.J. Res. 37. A joint resolution to authorize the Administrator of the National Aeronautics and Space Administration to make a grant for the construction of facilities for the International Space Hall of Fame. Referred to the Committee on Aeronautical and Space Sciences.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BELLMON (for himself and Mr. BARTLETT):

S. 843. A bill to provide that certain rural hospitals shall be exempt for a period of 18 months from the requirements and provisions of title XI of the Social Security Act relating to professional standards review organizations, and from the 1972 amendments to titles XVIII, XIX, and V of such act (and the recently approved regulations relating thereto) on utilization review and utilization control under the medicare, medicaid, and maternal and child health programs; and to provide for a 6-month study of alternative methods of utilization review and utilization control for such hospitals. Referred to the Committee on Finance.

Mr. BELLMON. Mr. President, today I am introducing legislation on behalf of my distinguished colleague from Oklahoma (Mr. BARTLETT) and myself. This proposal would place an 18-month moratorium on HEW regulations establishing utilization review boards for hospital admissions of medicare and medicaid patients in certain rural hospitals.

This legislation would exempt rural hospitals:

First, located in communities with a population less than 50,000, if there is no other community which has a population of 50,000 or more within a 10-mile radius of such hospital:

Second, the combined average patient load for all hospitals within a 10-mile radius is less than 40 per day; and

Third, the number of practicing physicians on the regular staff of such hospital does not exceed seven.

In addition, this proposal would mandate the Secretary of HEW to study alternative methods of utilization review for rural hospitals with the objective of developing one or more methods of review which will more realistically take into account the special needs and circumstances that exist in rural areas. The Secretary of HEW would be required to submit his recommendations to Congress no later than 6 months after the enactment of this proposal.

Although I am fully aware of the need to prevent the overutilization of medicare and medicaid payments, the recent regulations promulgated by HEW to accomplish this objective do not take into account the unique situation which exists in the rural medical community. For this reason, we are asking for a delay in implementation of these regulations in order to permit time for the development of a more practical approach to the problem as it exists in rural areas.

The regulations, which went into effect on February 2, have created a critical situation for rural hospitals in Oklahoma and throughout the Nation. Action must be taken now if we are to remedy this problem.

Let me explain. Basically, these regulations require the establishment of utilization review boards consisting of two or more physicians to review hospital admissions of medicare and medicaid patients within 24 hours after admission. The failure of rural hospitals to fully implement these regulations before April 1, 1975, will result in the withholding of Federal reimbursement for these patients. The regulations further state that the utilization review committees "shall not be composed of medical or other professional personnel who are directly responsible for the care of the patient—or are financially interested in the hospital."

These regulations have placed rural hospitals in an untenable position and in certain cases will be impossible to implement. Regulations are needed which recognize the special problems that exist in the rural medical community. Problems in implementation are numerous. The small staffs available for rural hospitals make it almost impossible to comply with the 24-hour requirement. Many hospitals do not have nor can they afford the necessary medical staff to fully implement the utilization review boards. Either the hospital must let nonmedical personnel make medical decisions regarding the necessity for hospital admissions or else rely on the assistance of doctors in surrounding communities. The distance and time factors involved create a difficult situation at best. This problem is compounded when one considers that the nature of rural medical practice is such that even a team of doctors from surrounding communities may not qualify because most of these doctors have been involved in the treatment of the hospital's patients at some time.

Quite frankly, these regulations are designed for larger hospitals located in metropolitan areas and represent the classic case where the executive branch has ignored the needs of one major segment they have attempted to regulate—in this case, the rural medical community.

Therefore, it is only reasonable that this emergency legislation be enacted immediately delaying the implementation of these unfair regulations for 18 months. This will permit the time necessary to develop a plan which will accomplish the worthwhile objective of preventing the overutilization of medicare and medicaid payments as well as one

tailored to meet the special conditions which exist in the rural areas.

Mr. President, I recently received correspondence from Mr. L. E. Radar, director of the Department of Institution, Social, and Rehabilitative Services of the State of Oklahoma. His letter documents well the problem as it exists in Oklahoma. Mr. President, I ask unanimous consent that his correspondence be printed in the RECORD at this point, together with a statement prepared by Senator BARTLETT in connection with the introduction of this proposed legislation.

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

DEPARTMENT OF INSTITUTIONS, SOCIAL AND REHABILITATIVE SERVICES, DEPARTMENT OF PUBLIC WELFARE,
Oklahoma City, Okla., February 21, 1975.

Hon. HENRY BELLMON,
U.S. Senator,
Washington, D.C.

DEAR SENATOR BELLMON: We are very much concerned about the impact of the conditions of participation required of our hospitals and nursing homes in implementing the "Utilization Review" program in Oklahoma.

The rural hospitals and most of the nursing homes do not have sufficient physician and non-physician personnel to establish a Utilization Review Committee. This will mean that many of these institutions will be forced to terminate their operations. As you can readily see, this will seriously affect our health program in Oklahoma.

We request that the implementation of the Utilization Review regulations be deferred. It would appear that Congress should enact legislation that would permit rural areas to continue to have hospitals and nursing homes in order to retain physicians. Without facilities, the physicians will locate only in metropolitan areas.

I have attached a copy of a letter that I have written to Caspar W. Weinberger, Secretary of Health, Education, and Welfare. You will note that I have asked whether payment for services provided under Title XIX will be subject to Federal Financial Participation, pending final implementation of the regulations.

Very truly yours,

L. E. RADER,
Director, Institutions, Social and Rehabilitative Services.

DEPARTMENT OF INSTITUTIONS, SOCIAL AND REHABILITATIVE SERVICES,
Oklahoma City, Okla., February 21, 1975.

Hon. CASPAR W. WEINBERGER,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: You recently published, with an effective date of February 1, 1975, the requirement for additional utilization review in every hospital. In Oklahoma this is causing a great deal of concern, particularly among the smaller hospitals, since the requirements are almost impossible for hospitals in remote areas to meet.

I have been told that the hospitals are being given until April 1 to implement these requirements, but I do not have that officially. I have also been informed that there is a question as to whether any hospital in the State at this moment is meeting the new regulation.

The purpose of this letter is to request your assurance that payments made for Title XIX services will be subject to Federal Financial Participation, pending final implementation of the regulation.

It is imperative that you give an immediate reply of assurance, relative to Federal Participation, in order that we may continue making payments to hospitals for services rendered after February 1, 1975.

Very truly yours,

L. E. RADER,
Director, Institutions, Social and Rehabilitative Services.

STATEMENT BY SENATOR BARTLETT

Mr. President, today, I am introducing legislation with Senator BELLMON, along with a companion bill in the House of Representatives by Congressman GLEN ENGLISH, to effect greatly needed relief for small rural hospitals throughout the United States from the Utilization Review and Professional Standards Review Organization (PSRO) regulations issued recently by the Department of Health, Education, and Welfare.

This legislation simply delays the effect of the new regulations on the small hospitals for a period of 18 months, thereby giving the Secretary of DHEW time to develop more realistic methods of utilization review for the rural health care facility.

Although this is a critical problem in Oklahoma, it is one faced in every State in our Nation where small (less than 50,000 persons) communities operate health care facilities with a regular staff of seven or fewer practicing physicians.

By Mr. HUGH SCOTT (for himself and Mr. SCHWEIKER):

S. 845. A bill to amend the Internal Revenue Code of 1954 to provide that an individual who suffers a casualty loss as the result of a major disaster may disregard the amount of any grant or cancellation of any loan made under a State disaster assistance program for purposes of determining the amount of that individual's casualty loss deduction and of determining his gross income. Referred to the Committee on Finance.

STATE DISASTER ASSISTANCE TAXATION RELIEF ACT

Mr. HUGH SCOTT. Mr. President, on behalf of myself and my able colleague (Mr. SCHWEIKER), I introduce legislation to grant badly needed tax relief to the victims of major natural disasters.

I refer to this bill as the State Disaster Assistance Taxation Relief Act, and its purpose is to eliminate the Federal taxation of financial assistance made by the States to the victims of such disasters. It would do so by amending the U.S. Internal Revenue Code to allow an individual—in determining a casualty loss deduction or gross income for Federal income tax purposes—to disregard the amount of any grant or the cancellation of any loan made under a State disaster assistance program.

Mr. President, this legislation represents an attempt to finally resolve a problem that became apparent in the days following Hurricane Agnes, the June 1972 tropical storm that ranked as the worst major natural disaster in the Nation's history to that date. Final property damage caused by heavy rains and the severe flooding of some 5,000 square acres of land, much of it in Pennsylvania topped $3 billion representing the destruction of or major damage to 38,907 dwellings and mobile homes, 1,684 farm buildings, and at least 3,000 businesses.

Major efforts by impacted States as well as the Federal Government were required for recovery, a process which has not been fully completed even today. Yet, for many Agnes victims, hopes raised initially were later dashed by Federal tax bills that ate up much of the assistance granted by Pennsylvania and neighboring States. Because of the way the Federal law is now interpreted, those recipients of State aid via direct grant or forgiveness of a loan were taxed on the proceeds.

While our bill would apply retroactively to tax years after December 31, 1971, in order to cover the victims of Hurricane Agnes, the situation which it seeks to correct is not an isolated one. The burden of Federal taxation resulting from State disaster relief efforts has become all too familiar to the victims of the more than 100 occurrences that have been officially designated as major disasters since that date.

In my opinion, there is a basic irrationality to the taxing of State disaster relief assistance. State relief payments come from the State taxpayers—or from Federal funds collected nationwide. To reduce these relief payments for the purpose of increasing tax revenues is not only wrong in principle; it also has the unhappy effect of leaving disaster victims with strong distaste and cynical disillusionment as to their Government's commitment to meaningful relief efforts.

Mr. President, I am hopeful that this important legislation will gain widespread support. Therefore, I ask unanimous consent that its text in its entirety 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. 845

A bill to amend the Internal Revenue Code of 1954 to provide that an individual who suffers a casualty loss as the result of a major disaster may disregard the amount of any grant or cancellation of any loan made under a State disaster assistance program for purposes of determining the amount of that individual's casualty loss deduction and of determining his gross income

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 124 as 125, and by inserting after section 123 the following new section:

"Sec. 124. Certain State disaster assistance.

"Gross income does not include amounts furnished by a State to an individual by way of grant, loan cancellation, or otherwise as financial assistance on account of losses suffered by that individual in connection with a disaster occurring in an area subsequently determined by the President to warrant assistance by the Federal Government under the Disaster Relief Act of 1970.".

(b) Section 165(h) of such Code (relating to losses) is amended by adding at the end thereof the following: "For purposes of determining the amount deductible under this section in connection with a loss attributable to such a disaster, amounts received by an individual which are excludible from gross income under the provisions of section 124 shall not be taken into account as compensation for such loss under the provisions of subsection (a) of this section.".

(c) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 124. Certain State disaster assistance.
"Sec. 125. Cross references to other Acts.".

SEC. 2. The amendments made by the first section of this Act apply to taxable years beginning after December 31, 1971.

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

S. 847. A bill to establish the Seward National Recreation Area in the State of Alaska, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. STEVENS. Mr. President, I am pleased to introduce today, for myself and Mr. GRAVEL, a bill to establish the Seward National Recreation Area.

The bill would establish a Seward National Recreation Area encompassing spectacular forests, glaciers, lakes, rivers, wildlife, and other resources in the Chugach National Forest and nearby lands on the Kenai Peninsula in Alaska. It would contain approximately 1.4 million acres and would be administered by the Secretary of Agriculture as a part of the Chugach National Forest.

Rich in history, spectacularly beautiful, the Seward National Recreation Area contains a wealth of recreation resources and opportunities. Its boundary lies about an hour's drive away from Anchorage, which is Alaska's most populous city, and the air crossroads of the world.

The story of civilization within the proposed recreation area began in late 1700's. The fur of the sea otter attracted Siberian fur hunters and Russian traders, who enlisted as hunters the original inhabitants of the region—the Kenaitze Indians. In the 1850's, gold was first discovered, and in 1888, the town of Hope welcomed a discovery at Resurrection Creek which started a human stampede in search of the precious metal.

Wildlife is a main attraction of the area. Moose wander near the main roads at certain times of the year, and Dall sheep and mountain goats can be seen on the steep mountain slopes. There are black bear, brown bear, and abundant porcupines and grouse. Hunting is good and fishing very popular, particularly when the salmon are running.

Most of the recreation area is rugged mountainous terrain with a maximum elevation of around 6,000 feet. The combination of mountains, lakes, streams, glaciers, and a variety of vegetative cover, produce a striking and varied landscape.

Ice fields and glaciers are prevalent. The recreation area includes one of the largest ice deposits in North America, the Harding Ice Field. It also contains one of the major established glacial attractions in Alaska—the Portage Glacier. This outstanding geological feature draws thousands of persons each year from all sections of the Nation and from many parts of the world. From a parking lot observation point on the western edge of Portage Lake one can get an excellent view of the face of the glacier, the expanse of the lake itself, and the steep surrounding mountains. The unique feature of this panorama, however, is the floating mass of gigantic icebergs which regularly calve off the face of the glacier. These irregular chunks of ice drift across the lake and come within close range of the observation point. Few other places in the world afford such a closeup view of icebergs from a vantage point on land.

Our bill is patterned after legislation which established other national forest recreation areas. It directs the Secretary of Agriculture to manage recreation areas for public outdoor recreation benefits and conservation of biotic, scenic, scientific, geologic, historic, and other values. Management, utilization, and disposal of natural resources are permitted so long as they are compatible with the recreational purposes and programs in the area. Minerals are withdrawn from location and entry under the mining laws, but can be leased or removed under permits by the Secretary of the Interior if the Secretary of Agriculture determines these would have no significant adverse effects on administration of the area. Permits and leases can contain conditions prescribed by the Secretary of Agriculture to protect the area's resources.

The Secretary is also directed to cooperate with the State of Alaska and its subdivisions in administering the area.

Copies of a map of the proposal national recreation area are available in the office of the Chief of the Forest Service in Washington and in the Alaska Regional Forester's office in Juneau.

Mr. President, enactment of my bill will bring an important new concept to bear in the management of Federal recreation resources in Alaska. This will establish the first Federal recreation area in the 49th State. I hope for and look forward to its early consideration.

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

There being on objection, the bill was ordered to be printed in the RECORD, as follows:

S. 847

A bill to establish the Seward National Recreation Area in the State of Alaska, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to provide for the public outdoor recreation use and enjoyment of certain spectacular forested areas, geological areas, lakes, rivers, and streams, and other recreational features and resources on the Kenai Peninsula in the State of Alaska by present and future generations and the conservation of scenic, scientific, historic, geologic, and other values contributing to public enjoyment of such lands and waters, there is hereby established, subject to valid existing rights, the Seward National Recreation Area (hereinafter referred to as the "recreation area"), comprising approximately one million four hundred thousand acres. The boundaries of the recreation area shall be those shown on the map entitled "proposed Seward National Recreation Area", dated February 1971, which is on file and available for public inspection in the Office of the Regional Forester, Alaska Region, and in the Office of the Chief, Forest Service, United States Department of Agriculture.

SEC. 2. The administration, protection, and development of the recreation area shall be by the Secretary of Agriculture (hereinafter called the "Secretary") in accordance with the laws, rules, and regulations applicable to the national forest system, in such manner as in his judgment will best provide for (1) public outdoor recreation benefits; (2) conservation of biotic, scenic, scientific, geologic, historic and other values contributing to public enjoyment; and (3) such management, utilization, or disposal of natural resources as in his judgment will promote or are compatible with, and do not significantly impair the purposes for which the recreation area is established.

SEC. 3. Within one year after the effective date of this Act, the Secretary shall publish in the Federal Register a detailed description of the boundaries of the recreation area and such description shall have the same force and effect as if included in this Act: Provided, however, That correction of clerical and typographical errors in such legal description may be made.

SEC. 4. The boundaries of the Chugach National Forest are hereby extended to include all of the lands not presently within national forest boundaries lying within the recreation area as described in accordance with section 1 of this Act. Notwithstanding any other provision of law, the Federal property located within the recreation area may, with the concurrence of the agency having custody thereof, be transferred without consideration to the administrative jurisdiction of the Secretary for use by him in carrying out the purposes of this Act.

SEC. 5. Within the boundaries of the recreation area the Secretary is authorized to acquire lands, waters, or other property, or any interest therein, in such manner as he considers to be in the public interest to carry out the purposes of this Act. Any lands, waters, and interests therein owned by or under the control of the State of Alaska or any political subdivision thereof may be acquired only with the consent of such State or political subdivisions. Moneys appropriated from the Land and Water Conservation Fund shall be available for the acquisition of lands, waters, and interests therein for the purposes of this Act. Lands acquired by the Secretary or transferred to his administrative jurisdiction within the recreation area shall become part of the recreation area and of the Chugach National Forest.

SEC. 6. The Secretary shall permit hunting, fishing, and trapping on the land and waters under his jurisdiction within the recreation area in accordance with applicable Federal and State laws; except that the Secretary may issue regulations designating zones where and establishing periods when no hunting, fishing, or trapping shall be permitted for reasons of public safety, administration, fish or wildlife management or public use and enjoyment. Except in emergencies, any regulations pursuant to this section shall be issued only after consultation with the Alaska Department of Fish and Game.

SEC. 7. The lands within the recreation area, subject to valid existing rights, are hereby withdrawn from location, entry, and patent under the United States mining laws, The Secretary of the Interior, under such regulations as he deems appropriate, may issue permits or leases for the removal of the nonleasable minerals from lands or interests in lands within the recreation area, and he may permit the removal of leasable minerals from lands or interests in lands within the recreation area in accordance with the Mineral Leasing Act of February 24, 1920, as amended (30 U.S.C. 181 et seq.), or the Acquired Lands Mineral Leasing Act of August 7, 1947 (30 U.S.C. 351 et seq.), if the Secretary of Agriculture finds that such disposition would not have significant adverse effects on the administration of the recreation area: Provided, That any lease respecting such minerals in the recreation area shall be issued only with the consent of the Secretary of Agriculture and subject to such conditions as he may prescribe. All receipts derived from permits and leases issued under the authority of this section for removal of nonleasable minerals shall be paid into the

same funds or accounts in the Treasury of the United States and shall be distributed in the same manner as provided for receipts from national forests. Any receipts derived from permits or leases issued on lands within the recreation area under the Mineral Leasing Act of February 25, 1920, as amended, or the Act of August 7, 1947, shall be disposed of as provided in the applicable Act.

SEC. 8. The jurisdiction of the State of Alaska and the United States over waters or any stream included in the recreation area shall be determined by established principles of law. Under the provisions of this Act, any taking by the United States of water rights which are vested under either State or Federal law at the time of enactment of this Act shall entitle the owner thereof to just compensation. Nothing in this Act shall constitute an express or implied claim or denial on the part of the Federal Government as to exemption from State water laws.

SEC. 9. The Secretary shall cooperate with the State of Alaska or any political subdivisions thereof in the administration of the recreation area and in the administration and protection of lands within or adjacent to the recreation area owned or controlled by the State or political subdivisions thereof. Nothing in this Act shall deprive the State of Alaska or any political subdivision thereof of its right to exercise civil and criminal jurisdiction within the recreation area, or of its right to tax persons, corporations, franchises, or other non-Federal property, including mineral or other interests, in or on lands or waters within the recreation area.

By Mr. McGOVERN (for himself, Mr. KENNEDY, Mr. HUMPHREY, Mr. PHILIP A. HART, and Mr. CLARK):

S. 850. A bill to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children, the special supplemental food program, and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs. Referred to the Committee on Agriculture and Forestry.

THE IMPORTANCE OF CHILD NUTRITION

Mr. McGOVERN. Mr. President, following the release of the President's budget, I expressed strong opposition to the Agriculture Department cuts in the food stamp and child feeding programs.

For some time, I have been unhappy with the administration of these programs by the Department of Agriculture. It seems that despite the strongest possible support in Congress, the Secretary of Agriculture and his subordinates are constantly searching for ways to restrict them.

I had the opportunity last week to discuss this problem rather bluntly with Secretary Butz. Our discussion then, during a hearing of the Committee on Agriculture and Forestry, focused primarily on the food stamp program. Fortunately, the Congress has already put a resounding stop to the regulation signed by him to cut back the food stamp program.

I told Mr. Butz that I believed he had an essentially negative attitude toward his Department's feeding programs. He did not deny that; in fact, he said that he believed the growth of the Nation's feeding programs somehow threatened the well being of his Department's basic agricultural programs.

Nothing could be further from the truth. In fact, the viability of the Department of Agriculture depends on a healthy mix of programs serving the farmer, the consumer, needy families and all the Nation's children.

While the Secretary's attempt to cut back the food stamp program has received the most publicity, he is also proposing to cut back the Nations child nutrition feeding programs in an equally ill-advised manner.

In one proposal, Mr. Butz seeks to eliminate:

First, diet supplementation for 650,000 low-income women, infants, and children in 48 States;

Second, 2½ billion school lunches for children from middle-income homes;

Third, milk for tens of millions of young schoolchildren;

Fourth, all meals for any child in a day care center, Head Start center; and

Fifth, all school breakfasts, taking food away from over 1½ million young children each day.

What makes this action particularly foolhardy is that it comes at a time when these programs, tried and proven, could be a real help to the people of this country, without a great increase in cost.

At a time when food costs are rising over 15 percent per year, when unemployment is hitting recordbreaking numbers, when double digit inflation is bewildering almost everyone, when the farm economy is in trouble, and when local economies need a boost, the Federal nutrition programs are in a unique position to be used to help, not to hurt, our people.

Congress stopped cold the Secretary's assault on food stamps. I believe Congress will not let him turn back the clock on 30 years of progress in protecting the health and well-being of the 31 million American children who participate in the child nutrition programs.

I am increasing my effort to stop him from doing it today. I am introducing a bill, not just to stop him from cutting back, but to extend and improve these vital programs. I fully expect Congress to pass this legislation. I hope the President, as he finally decided on food stamps, will not veto it.

The purpose of this bill is to make certain that the children of this country do not lose out through the termination of these nutrition delivery systems. Programs which end on June 30 of this year include the special food service program, which involves day care feeding, Head Start feeding, and summer feeding; the WIC program, which feeds high-protein diet supplementations to low-income women, infants, and children; the school breakfast program, which provides a nutritious morning meal to almost 2 million American schoolchildren each day; and the commodity program as it pertains to school lunches.

In the budget proposal for the Food Nutrition Service of the Department of Agriculture for fiscal year 1976, there are absolutely no funds for these programs. Instead, Mr. Butz proposes a bloc grant that reduces overall child nutrition funding by about $600 million. If the administration is successful, tens of millions of dollars in benefits going to schoolchildren in our local communities will be lost. Over 3 million children a day will totally lose benefits they are now receiving. This does not include the between 5 and 10 million children who will soon drop out of the school lunch program if the ill-advised administration bloc-grant proposal succeeds.

I have already put in the RECORD my criticism of this bloc-grant proposal and described its disastrous effect on the school lunch program.

Combined with this radical reduction of the school lunch program, the elimination of the special food service programs, the breakfast program, and the WIC program will result in the end of food benefits for 13 million children.

We cannot permit this to happen.

When I think of these children, and how important and valuable these meals are for them, I am convinced of the foolishness of these plans for termination and cutback.

I plan to fight the bloc-grant proposal as vigorously as I know how.

This bill is the first effort in a series of moves I hope will end in the strengthening and expansion of our food programs.

These are not new programs in most instances. With one exception, they are tried and true social programs which the States and local communities have come to use efficiently and which have come to mean a great deal to our people. Dollars spent on these programs accrue to the benefits of our farmers, our local working force, our food industries, and most importantly of all, our children.

As chairman of the Select Committee on Nutrition and Human Needs, I have become a believer in the value of good nutrition. I am convinced that it is one of the most effective forms of preventive medicine available to us. I am convinced that feeding a child in school is one way to insure a healthy future citizen. This bill is a fairly modest one, given the scope of the numbers of persons involved.

In this bill the breakfast program is merely extended. There are no increased funds requested. The same is essentially true of the summer food program. We ask that the Secretary do his best to get the information to the communities that the school breakfast program is available to them. I am concerned that relatively few children participate in the breakfast program, as compared to the lunch program. I feel that this meal is just as important to their health and well-being as lunch.

I intend to shortly introduce legislation to change the summer food program in a much more comprehensive manner.

This bill also extends commodity support programs for school lunches. This important provision has two components. First, we must maintain commodity support for school lunches because schools are in need of this support. Without it, lunch costs would go up and children would drop out of the program. We know this from experience. The second part of the commodity section requires that the Secretary give back to schools some of

the flour and oil which he has decided to keep out of the school commodity program this year. This loss has hurt schools, especially those in rural areas. And I intend to restore these traditional commodities to the schools this year, as well as maintain the level of other high protein foods donated to the schools.

This bill also continues the authorization for the day care nutrition program, the Head Start nutrition program, and the summer food program. These programs have historically been part of what is known as the special food service program.

The essential change proposed under this legislation is that children in these programs will now receive the benefits of the national school lunch program. That is, they will receive the fixed reimbursement rate with the escalator clause attached to it for automatic adjustment. They will receive advance payments. They will, in most instances, receive commodities. They will receive money for nonfood assistance. They will receive funding based on their total participation. These changes will, hopefully, allow these programs to reach more children.

This bill includes for the first time in Federal nutrition legislation, orphanages, homes for the mentally retarded, and homes for the handicapped, and so forth. I think it is time that we bring these children into equal treatment with their brothers and sisters who are attending public schools. My research shows that children who are institutionalized are receiving much fewer nutritional benefits than those in schools, and I do not think this is fair. I hope through this legislation to give these children equal treatment.

The irony of the special food service program, up until the present, has been that funds are returned unspent, while thousands of children are waiting for these services in the States. This situation has arisen essentially because of an unclear and confusing policy on the part of the Department that has left the States and local projects in doubt as to what benefits are available for children in their service institutions. In some cases, I must say, the Department did not have a very clear legislative mandate to work from.

This bill will, hopefully, straighten out these problems by attaching many of the characteristics of the school lunch program to the special food service program.

Young children who participate in day care, Head Start, summer food, and the special supplemental food programs are going to need these programs desperately in the upcoming months. It is my hope that this legislation will pass quickly so that those States and local projects which are unsure of their future because of the termination of the current authorization will be given hope and something to plan for.

This legislation also extends and expands the WIC program. The WIC program is one of our very most promising. It is in need of some revision this year, but that is to be expected with any pilot project. The Select Committee on Nutrition and Human Needs has held extensive hearings in the area of diet supplementation for high-risk persons, and the recommendations before the committee plus the knowledge gained from the observation of local WIC projects has been incorporated in this bill.

Many WIC administrators, nutritionists, nurses, and participants were consulted in the formulation of this new legislation.

The Nutrition Committee has been collecting data from State WIC directors, and the initial perusal of that data indicates overwhelming acceptance and the success of the WIC program. Almost every State has the desire and capability to expand their WIC programs right now.

I think the initial idea behind the WIC program, that it makes the most sense to supplement people's diets during their most vulnerable periods, and their periods of greatest growth, still makes a great deal of sense today. In addition, I think it is saving the taxpayer's money. I think it is cheaper to help someone for pennies when they are in their formative years, than to attempt to pull along someone who is only partially employable because of a health defect, or someone who is a slow learner, or someone born with a birth defect.

We are all concerned about controlling inflation, Mr. President. However, I think it is misguided, to say the least, to cut off these programs at this time.

The true test of programs like this is not how well they function when the economy is riding high, but how well they function when the economy is undergoing difficulties, and the people need their benefits the most.

I think it is important for Congress to send the parents of these children and the children themselves a message which says we are not going to desert them and that we recognize the importance of these programs for them.

Mr. President, these programs are effective. The people like them. They work. I would hope someday that we introduce legislation which will expand them all considerably.

Mr. President, I ask unanimous consent that the accompanying bill, and the section-by-section analysis be printed in the RECORD at this point.

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

S. 850

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 School Lunch and Child Nutrition Act Amendments of 1975."

SCHOOL BREAKFAST PROGRAM

SEC. 2. Section 4(a) of the Child Nutrition Act is amended by inserting after "and June 30, 1975," "and subsequent fiscal years".

SEC. 3. Section 4 of the Child Nutrition Act of 1966 is amended by adding the following subsection:

"(c) As a national nutrition and health policy, it is the purpose and intent of the Congress that the school breakfast program be made available in all schools where it is needed to provide adequate nutrition for children in attendance. The Secretary is hereby directed, in cooperation with State Educational agencies, to carry out a program of information to the schools in furtherance of this policy. Within 90 days after the enactment of this legislation, the Secretary shall report to the Committees of jurisdiction in the Congress his plans and those of the cooperating state agencies, to bring about the needed expansion in the school breakfast program."

MATCHING

SEC. 4. Section 7 of the National School Lunch Act is amended by adding the following sentence at the end of such section:

"*Provided, however,* That the total state matching of $3 for $1, as required in the third sentence of this section with adjustments for the per capita income of the State, shall not apply with respect to the payments made to participating schools under Section 4 of this Act for free and reduced price meals: *Provided further,* That the foregoing proviso does not apply in the case of State level matching as required under the sixth sentence of this section."

INCOME GUIDELINES FOR REDUCED PRICE LUNCHES

SEC. 5. Section 9(b) of the National School Lunch Act is amended by deleting "75 per centum" in the last sentence of said section and substituting 100 per centum."

NONPROFIT PRIVATE SCHOOLS

SEC. 6. Section 10 of the National School Lunch Act is amended to read as follows:

"If, in any State, the State educational agency is not permitted by law to disburse the funds paid to it under this Act to nonprofit private schools in the State, or is not permitted by law to match federal funds made available for use by such nonprofit private schools, the Secretary shall disburse the funds directly to the nonprofit private schools within said State for the same purposes and subject to the same conditions as are authorized or required with respect to the disbursements to schools within the State by the State educational agency, including the requirement that any such payment or payments shall be matched, in the proportion specified in section 7 for such State, by funds from sources within the State expended by nonprofit private schools within the State participating in the school lunch program under this Act. Such funds shall not be considered a part of the funds constituting the matching funds under the terms of section 7: *Provided,* That beginning with the fiscal year ending June 30, 1974, the Secretary shall make payments from the sum appropriated for any fiscal year for the purposes of section 4 of this Act directly to the nonprofit private schools in such State for the same purposes and subject to the same conditions as are authorized or required under this Act with respect to the disbursements by the State educational agencies."

MISCELLANEOUS PROVISIONS AND DEFINITIONS

SEC. 7. Section 12(d)(7) of the National School Lunch Act is amended to read as follows:

"'School' means any public or nonprofit private school of high school grade or under and any public or licensed nonprofit private residential child caring institution, including, but not limited to orphanages, homes for the mentally retarded, homes for the emotionally disturbed, homes for unmarried mothers and their infants, temporary shelters for runaway children, temporary shelters for abused children, hospitals for children who are chronically ill, and juvenile detention centers."

COMMODITIES

SEC. 8. Section 14 of the National School Lunch Act is amended by striking out "June 30, 1975" and inserting in lieu thereof "Sept. 30, 1978" and by adding at the end thereof the following paragraph:

"(3) Among the products to be included in the food donations to the school lunch program shall be such cereal and shortening and oil products as were provided in the

fiscal year 1974. Such products shall be provided to the school lunch program in the same or greater quantities as were provided in the fiscal year 1974 and shall be in addition to the value of commodity donations, or cash in lieu thereof, as provided for in Section 6 of this Act."

SEC. 9. Section 6(e) of the National School Lunch Act is amended by adding the following language at the end of said section:

"*Provided further*, That not less than 75 per centum of the assistance provided under this subsection shall be in the form of foods purchased by the United States Department of Agriculture for the School Lunch Program."

SEC. 10. Section 6(a)(3) of the National School Lunch Act is amended by adding the following at the end of said section:

"The value of assistance to children under this Act shall not be considered to be income or resources for any purposes under any Federal or State laws, including laws relating to taxation and welfare and public assistance programs."

SEC. 11. Section 3 of the Child Nutrition Act of 1966 is amended by deleting the second sentence and inserting in lieu thereof:

"For the purposes of this section 'United States' means the fifty States, Guam, Puerto Rico, and the District of Columbia."

SUMMER FOOD PROGRAM

SEC. 12. Section 13 of the National School Lunch Act is amended by deleting subsection 13(g) and revising subsections 13(a), 13(b), and 13(c)(2) to read as follows:

"(a)(1) There is hereby authorized to be appropriated such sums as are necessary for the fiscal years ending June 30, 1976, and June 30, 1977, to enable the Secretary to formulate and carry out a program to assist States through grants-in-aid and other means, to initiate, maintain, or expand nonprofit food service programs for children in service institutions. For purposes of this section, the term 'service institutions' means public institutions or private, nonprofit institutions that develop special summer programs providing food service similar to that available to children under the National School Lunch or School Breakfast Programs during the school year. To the maximum extent feasible, consistent with the purposes of this section, special summer programs shall utilize the existing food service facilities of public and nonprofit private schools. Any eligible institution shall receive the summer food program upon its request.

"(a)(2) Service institutions eligible to participate under the program authorized under section 13 of the National School Lunch Act shall be limited to those which conduct a regularly scheduled program for children for areas in which poor economic conditions exist and from areas in which there are a high concentration of working mothers. Summer camps that otherwise qualify as institutions under this subsection shall be eligible for the summer food program if attending children are maintained in continuous residence for no more than one month."

13(b) The Secretary shall publish proposed regulations relating to the implementation of the summer food program by January 1 of each fiscal year, and shall publish final regulations, guidelines, applications and handbooks by March 1 of each fiscal year.

13(c)(2) In circumstances of severe need where the rate per meal established by the Secretary under subsection (c)(1) is insufficient to carry on an effective feeding program, the Secretary may authorize financial assistance not to exceed 80 per centum of the operating costs of such a program, including the cost of obtaining, preparing, and serving food. Non-Federal contributions may be in cash or kind, fairly evaluated, including but not limited to equipment and services. In the selection of institutions to receive assistance under this subsection, the State educational agency shall require the applicant institutions to provide justification of the need for such assistance. The maximum allowable reimbursement for service institutions authorized to receive assistance under this subsection shall be set at 80 cents for lunches and suppers served, 45 cents for breakfasts served, and 25 cents for meal supplements served, with the above maximum amounts being adjusted each March 1 to the nearest ¼ cent in accordance with charges for the 12-month period ending the prior January 31 in the series for food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. The initial such adjustment shall be made on March 1, 1976, and shall reflect the change in the series food away from home during the period January 31, 1975, to January 31, 1976.

SPECIAL FOOD SERVICE PROGRAM

SEC. 13. The National School Lunch Act is amended by adding the following section:

"SEC. 16. (a)(1) There is hereby authorized to be appropriated such sums as are necessary to enable the Secretary of Agriculture to formulate and carry out a program to assist States through grants-in-aid and other means to initiate, maintain, or expand non-profit food service programs for needy children in institutions providing child care. Any funds appropriated to carry out the provisions of this Section shall remain available until expended.

(a)(2) For purposes of this section, the term "institution" means any public or private non-profit organization where children are not maintained in permanent residence including but not limited to day-care centers, settlement houses, recreation centers, family day-care centers. Headstart centers, and institutions providing day care services for handicapped children. No such institution shall be eligible to participate in this program unless it has either local, State or Federal licensing or approval as a child-care institution, or can satisfy the Secretary that it is in compliance with the applicable Federal Interagency Day Care Requirements of 1968. Provided, however, that lack of tax exempt status shall not prohibit eligibility for any institution under this section.

The term "State" means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa and the Trust Territory of the Pacific Islands. Any institution shall receive the Special Food Service Program upon its request.

(b) APPORTIONMENT TO THE STATES:

(1) For each fiscal year beginning with the fiscal year ending June 30, 1976, the Secretary shall make special food service payments no less frequently than on a monthly basis to each State educational agency in an amount no less than the sum of the product obtained by multiplying (a) the number of breakfasts served in special food service programs within that State by the national average payment rate for breakfasts under section 4 of the Child Nutrition Act of 1966 as amended, (b) the number of breakfasts served in special food service programs within that State to children from families whose incomes meet the eligibility criteria for free school meals by the national average payment rate for free breakfasts under section 4 of the Child Nutrition Act of 1966 as amended, (c) the number of breakfasts served in special food service programs, within that State to children from families whose incomes meet the eligibility criteria for reduced price school meals by the national average payment rate for reduced price school breakfasts under section 4 of the Child Nutrition Act of 1966 as amended, (d) the number of lunches and suppers served in special food service programs within that State by the national average payment rate for lunches under section 4 of the National School Lunch Act, (e) the number of lunches and suppers served in special food service programs within that State to children from families whose incomes meet the eligibility criteria for free school meals by the national average payment rate for free school lunches under section 11 of the National School Lunch Act, (f) the number of lunches and suppers served in special food service programs in that State to children whose families meet the eligibility criteria for reduced-price school meals by the national average payment factor for reduced-price lunches under section 11 of the National School Lunch Act, (g) the number of snacks served in special food service programs in that State by 5 cents, (h) the number of snacks served in special food service programs in that State to children from families whose incomes meet the eligibility criteria for free school meals by 20 cents, (i) the number of snacks served in special food service programs in that State to children from families whose incomes meet the eligibility criteria for reduced-price school meals by 15 cents. The rates established pursuant to subsections (g), (h), and (i), shall be adjusted semiannually to the nearest one-fourth cent by the Secretary to reflect the changes in the series for food away from home of the Consumer Price Index published by the Department of Labor Statistics of the Department of Labor: *Provided*, That the initial such adjustment shall be effective January 1, 1976, and shall reflect changes in the series food away from home during the period June through November 1975. Reimbursement for meals provided under this subsection or under subsection (2) of this section shall not be dependent upon collection of moneys from participating children.

(2) For each fiscal year beginning with the fiscal year ending June 30, 1976, the Secretary shall make further special food service payments no less frequently than a monthly basis to each State educational agency in amounts equal to the sum of the product obtained by multiplying the number of breakfasts, lunches, suppers and snacks served in special food service programs within that State by institutions that are determined to be especially needy by the difference between the cost of providing such meals (which shall include the full cost of obtaining, handling, serving and preparing food as well as supervisory and administrative costs and indirect expenses, but not including the cost of equipment provided for under section 18 of this Act) and the respective rates for such meals specified in subsection (1).

(3) No later than the first day of each month, the Secretary shall forward to each State an advance payment for meals served in that month pursuant to subsections (1) and (2) of this section, which payment shall be no less than the total payment made to such State for meals served pursuant to subsections (1) and (2) of this section for the most recent month for which final reimbursement claims have been settled. The Secretary shall forward any remaining payment due pursuant to subsections (1) and (2) of this section no later than 30 days following receipt of valid claims; Provided, that any funds advanced to a State for which valid claims have not been established within 90 days shall be deducted from the next appropriate monthly advance payments, unless the claimant requests a hearing with the Secretary prior to the ninetieth day.

(c) Meals served by institutions participating in the Program under this section shall consist of a combination of foods and shall meet minimum nutritional requirements prescribed by the Secretary on the basis of tested nutritional research. Such meals shall be served free to needy children. No physical segregation or other discrimination against any child shall be made because of his inability to pay, nor shall there be

any overt identification of any such child by special tokens or tickets, announced or published lists of names or other means. No institution shall be prohibited from serving a breakfast, lunch, dinner and snack to each eligible child each day.

(d) Funds paid to any State under this section shall be disbursed by the State agency to institutions approved for participation on a non-discriminatory basis to reimburse such institutions for all costs including labor and administrative expenses, of food service operations. All valid claims from such institutions shall be paid within 30 days.

(e) Irrespective of the amount of funds appropriated under section 13 of this Act, foods available under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) or purchased under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), or section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446 a-1), shall be donated by the Secretary of Agriculture to institutions participating in the special food service program in accordance with the needs as determined by authorities of these institutions for utilization in their feeding programs. The amount of such commodities donated to each State for each fiscal year shall be, at a minimum, the amount obtained by multiplying the number of lunches served in participating institutions during that fiscal year by the rate for commodities and cash in lieu thereof established for that fiscal year in accordance with the provisions of Section 6(e) of the National School Lunch Act.

(f) If in any State the State educational agency is not permitted by law or is otherwise unable to disburse the funds paid to it under this section to any service institution in the State, the Secretary shall withhold all funds provided under this section and shall disburse the funds so withheld directly to service institutions in the State for the same purpose and subject to the same conditions as are required of a State educational agency disbursing funds made available under this section.

(g) The value of assistance to children under this section shall not be considered to be income or resources for any purpose under any federal or State laws, including laws relating to taxation and welfare and public assistance programs. Expenditures of funds from State and local sources for the maintenance of food programs for children shall not be diminished as a result of funds received under this section.

(h) There is hereby authorized to be appropriated for any fiscal year such sums as may be necessary to the Secretary for his administrative expenses under this section.

(i) States, State educational agencies, and service institutions participating in programs under this section shall keep such accounts and records as may be necessary to enable the Secretary to determine whether there has been compliance with this section and the regulations hereunder. Such accounts and records shall at all times be available for inspection and audit by representatives of the Secretary and shall be preserved for such period of time, not in excess of five years, as the Secretary determines is necessary.

SEC. 14. The National School Lunch Act is amended by adding the following section:

"SEC. 17. As a national nutrition and health policy, it is the purpose and intent of the Congress that the Special Food Service Program and the Summer Food Program be made available in all service institutions where it is needed to provide adequate nutrition for children in attendance. The Secretary is hereby directed, in cooperation with State educational and child-care agencies, to carry out a program of information to the schools in furtherance of this policy. Within 90 days after the enactment of this legislation, the Secretary shall report to the Committees of jurisdiction in the Congress his plans and those of the cooperating State agencies to bring about the needed expansion in the Special Food Service and Summer Food Program."

NONFOOD ASSISTANCE

SEC. 15. The National School Lunch Act is amended by adding the following section:

"SEC. 18. (1) Of the sums appropriated for any fiscal year pursuant to the authorization contained in section 13 and section 16 of the Act, $5,000,000 shall be available to the Secretary for the purpose of providing, during each such fiscal year, nonfood assistance for the special food service program, and the Summer Food Program, pursuant to the provisions of this Act. The Secretary shall apportion among the States during each fiscal year the aforesaid sum of $5,000,000; provided, that such an apportionment shall be made according to the ratio among the States of the number of children below age 6 who are members of households which have an annual income not above the applicable family size income level set forth in the income poverty guideline prescribed by the Secretary under Section 9(b) of the National School Lunch Act.

"(2) If any State cannot utilize all of the funds apportioned to it under the provisions of this section, the Secretary shall make further apportionments to the remaining States. Payments to any State of funds apportioned under the provisions of this subsection for any fiscal year shall be made upon condition that at least one-fourth of the cost of equipment financed under this section shall be borne by funds from sources within the State, except that such condition shall not apply with respect to funds used under this section to assist institutions determined by the State to be especially needy;

"(3) For purposes of this section, the term 'State' shall mean any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

"(4) If in any State the State educational agency is not permitted by law or is otherwise unable to disburse the funds paid to it under this section to any service institution in the State, the Secretary shall withhold all funds apportioned under this section and shall disburse the funds so withheld directly to service institutions in the State for the same purpose and subject to the same conditions as are required of a State educational agency disbursing funds made available under this section."

SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 16. Section 17 of the Child Nutrition Act of 1966 is revised to read as follows:

"(a) The Congress finds that substantial numbers of pregnant women, infants, and young children are at special risk in respect to their physical and mental health by reason of poor or inadequate nutrition and/or health care. Therefore, it is the intent of this act to provide supplemental nutritious food as an adjunct to good health care during these critical times of growth and development in order to prevent the occurrence of these health problems.

"(b) For each fiscal year the Secretary shall make cash grants to the health department or comparable agency of each State; Indian tribe, band, or group recognized by the Department of the Interior; or the Indian Health Service of the Department of Health, Education, and Welfare for the purpose of providing funds to local health or welfare agencies or private nonprofit agencies of such State; Indian tribe, band, or group recognized by the Department of the Interior; or the Indian Health Service of the Department of Health, Education and Welfare, serving local health or welfare needs to enable such agencies to carry out health and nutrition programs under which supplemental foods will be made available to all pregnant or lactating women and to infants determined by competent professionals to be nutritional risks because of inadequate nutrition and inadequate income, in order to improve their health status. Such program shall be carried out without regard to whether a food stamp program or supplemental food program or a direct food distribution program is in effect in such area.

"(c) In order to carry out the program provided for under subsection (b) of this section during each fiscal year, the Secretary shall use $300,000,000 out of funds appropriated by section 32 of the Act of August 24, 1935 (7 U.S.C. 612(c)). In order to carry out such program during each fiscal year, there is authorized to be appropriated the sum of $300,000,000, but in the event that such sum has not been appropriated for such purpose by July 1 of each fiscal year, the Secretary shall use $300,000,000, or, if any amount has been appropriated for such program, the difference, if any, between the amount directly appropriated for such purpose and $300,000,000, out of funds appropriated by section 32 of the Act of August 24, 1935 (7 U.S.C. 612(c)). Any funds expended from such section 32 to carry out the provisions of subsection (a) of this section shall be reimbursed out of any supplemental appropriation hereafter enacted for the purpose of carrying out the provisions of such subsection, and such reimbursements shall be deposited into the fund established pursuant to such section 32, to be available for the purpose.

"(d) Whenever any program is carried out by the Secretary under authority of this section through any State or local or nonprofit agency, he is authorized to pay administrative costs not to exceed 25% of the projected program funds provided to each State under the authority of this section. Provided, that each health department or comparable agency of each State, Indian tribe, band, or group recognized by the Department of Interior; or the Indian Health Service of the Department of Health, Education, and Welfare receiving funds from the Secretary under this section shall, by January 1, each year, for approval by him as a prerequisite to receipt of funds under this section, submit a description of the manner in which administrative funds shall be spent, including, but not limited to, a description of the manner in which nutrition education and outreach services will be provided. Outreach funds shall be used to search out those most in need of the benefits of this program. The Secretary shall take affirmative action to ensure that programs begin in areas most in need of special supplemental food. Provided further that during the first three months of any program, or until the program reaches its projected caseload level, whichever comes first, the Secretary shall pay those administrative costs necessary to successfully commence the program."

"(e) The eligibility of persons to participate in the program provided for under subsection (a) of this section shall be determined by competent professional authority. Participants shall be residents or members of populations served by clinics or other health facilities determined to have significant numbers of infants and pregnant and lactating women at nutritional risk.

"(f) State or local agencies or groups carrying out any programs under this section shall maintain adequate medical records or the participants assisted to enable the Secretary to determine and evaluate the benefits of the nutritional assistance provided under this section. The Secretary shall convene an advisory committee made up of representatives from the Maternal and Child Health Division, of the Department of Health, Education, and Welfare, the Center for Disease Control, the Association of State and Territorial Public Health Nutrition Directors, the American Academy of Pediatrics, the Na-

tional Academy of Science—National Research Council, the American Dietetic Association, the American Public Health Association, the Public Health Service and others as the Secretary deems appropriate. This committee shall study the methods available to successfully and economically evaluate in part or in total, the health benefits of the Special Supplemental Food Program. Their study shall consider the usefulness of the medical data collected and the methodology used by the Department of Agriculture and the Comptroller General of the United States prior to March 30, 1975. Their study shall also include the applicability to an evaluation of the Special Supplemental Food Program of Federal and State health, welfare and nutrition assessment and surveillance projects currently being conducted. The purpose of this advisory committee shall be to determine and recommend in detail how, using accepted scientific methods, the health benefits of the Special Supplemental Food Program may best be evaluated and assessed. This advisory committee shall report to the Secretary no later than December 1, 1975. The Secretary shall submit to Congress his recommendations based on this study no later than March 1, 1976.

"(g) Definition of terms used in this section—

(1) "Pregnant and lactating women" when used in connection with the term "at nutritional risk" includes mothers up to six months post partum from low-income populations who demonstrate one or more of the following characteristics: known inadequate nutritional patterns, unacceptably high incidence of anemia, high prematurity rates, or inadequate patterns of growth (underweight, obesity, or stunting). Such term (when used in connection with the term "at nutritional risk") also includes low-income individuals who have a history of high-risk pregnancy as evidenced by abortion, premature birth, or severe anemia.

(2) "Infants" when used in connection with the term "at nutritional risk" means children under five years of age who are in low-income populations which have shown a deficient pattern growth, by minimally acceptable standards, as reflected by an excess number of children in the lower percentiles of height and weight. Such term, when used in connection with "at nutritional risk", may also include children under five years of age who (A) are in the parameter of nutritional anemia, or (B) are from low-income populations where nutritional studies have shown inadequate infant diets. Any child participating in a non-residential child care program shall not be excluded from participating in the WIC program.

(3) "Supplemental foods" shall mean those foods containing nutrients known to be lacking in the diets of populations at nutritional risks and, in particular, those foods and food products containing high-quality protein, iron, calcium, vitamin A, and vitamin C. Such term may also include (at the discretion of the Secretary) any commercially formulated preparation specifically designed for women or infants. The contents of the food package shall be made available in such a manner as to provide flexibility based on medical necessity or cultural eating patterns.

(4) "Competent professional authority" includes physicians, nutritionists, registered nurses, dietitians, or State or local medically trained health officials as being competent professionally to evaluate nutritional risk.

(5) "Administrative costs" include costs for outreach, referral, operation, monitoring, nutrition education, general administration, start-up, clinic, and administration of the State WIC office.

(h) (1) There is hereby established a council to be known as the National Advisory Council on Maternal, Infant, and Fetal Nutrition (hereinafter in this section referred to as the "Council") which shall be composed of fifteen members appointed by the Secretary. One member shall be a State Director of the Special Supplemental Food Program, one member shall be a State Fiscal Director for the Special Supplemental Food Program (or the equivalent thereof), one member shall be a State Health Officer (or equivalent thereof), one member shall be a project director of a special supplemental food program in an urban area, one member shall be a project director of a special supplemental food program in a rural area, one member shall be a State Public Health Nutrition Director (or equivalent thereof), two members shall be parent recipients of the Special Supplemental food program, one member shall be a pediatrician, one member shall be an obstretrician, one member shall be a person involved at the retail sales level of food in the special supplemental food program, two members shall be officers or employees of the Department of Health, Education, and Welfare, specially qualified to serve on the Council because of their education, training, experience, and knowledge in matters relating to maternal, infant, and fetal nutrition, and two members shall be officers or employees of the Department of Agriculture, specially qualified because of their education, training, experience, and knowledge in matters relating to maternal, infant and fetal nutrition.

(2) The eleven members of the Council appointed from outside the Department of Agriculture shall be appointed for terms of three years, except that the nine members first appointed to the Council shall be appointed as follows: Three members shall be appointed for terms of three years, three members shall be appointed for terms of two years, and three members shall be appointed for terms of one year. Thereafter all appointments shall be for a term of three years, except that a person appointed to fill an unexpired term shall serve only for the remainder of such term. Members appointed from the Department of Agriculture shall serve at the pleasure of the Secretary.

(3) The Secretary shall designate one of the members to serve as Chairman and one to serve as Vice Chairman of the Council.

(4) The Council shall meet at the call of the Chairman but shall meet at least once a year.

(5) Eight members shall constitute a quorum and a vacancy on the Council shall not affect its powers.

(6) It shall be the function of the Council to make a continuing study of the operation of the Special Supplemental Food Program and any related Act under which diet supplementation is provided to women, infants, and children, with a view to determining how such programs may be improved. The Council shall submit to the President and the Congress annually a written report of the results of its study together with such recommendations for administrative and legislative changes as it deems appropriate.

(7) The Secretary shall provide the Council with such technical and other assistance, including secretarial and clerical assistance, as may be required to carry out its functions under this Act.

(8) Members of the Council shall serve without compensation but shall receive reimbursement for necessary travel and subsistence expenses incurred by them in the performance of the duties of the Council.

(i) On September 1, 1975, the Secretary shall forward to each State an advance payment for the month of September pursuant to subsection (c) of this section which shall not be less than the total payment made to such State for the month of July 1975, pursuant to subsection (c) of this section and the Secretary shall forward any remaining payment due pursuant to subsection (c) of this section for the month of September 1975 no later than 30 days following the receipt of valid claims. Thereafter, on the first day of each month the Secretary shall, in a similar manner, forward an advance monthly payment to each State pursuant to subsection (c) of this section which shall not be less than the total payment made to such State in the second preceding month pursuant to subsection (c) of this section and the Secretary shall forward any remaining payment due pursuant to subsection (c) of this section for such month no later than 30 days following receipt of valid claims: *Provided*, That any funds advanced to a State for which valid claims have been established within 90 days shall be deducted from the next appropriate monthly advance payment, unless the claimant requests a hearing with the Secretary prior to the ninetieth day. On each July 1 and on each January 1 the Secretary shall publish in the Federal Register the amount of advance payments to be made to each State pursuant to this subsection for that month.

SCHOOL BREAKFAST PROGRAM

(Section 2)

This section merely extends the School Breakfast Program for three more years.

(Section 3)

This section directs the Secretary of Agriculture to carry out a program of information to States in regard to the School Breakfast Program. National participation in this program is only 10% of the School Lunch Program. Some schools may be uninformed as to the availability or the benefits of this program, and this section is an attempt to reach them and bring them into participation.

MATCHING

(Section 4)

This section makes a technical change in the $3:1 State matching requirement under the National School Act. It is needed because the nature of the School Lunch Program is changing slightly with more free meals being served. The result is that States are unable to meet, in every instance, the matching requirements as much of this money has come from paying children. This change will not affect the amount of appropriated funds needed from the State or local level.

INCOME GUIDELINES FOR REDUCED PRICE LUNCHES

(Section 5)

This section increases the eligibility for reduced price lunches to include more children from middle-income families. Last year this provision was also slightly expanded, and resulted in increased participation by tens of thousands of children daily. In many States, this helped keep total participation levels equal to the year before, as many other paying children dropped out of the program as food costs went up. This section is specifically intended to help those lower-middle income families who have felt the pinch of greatly increased food prices and have children in school. By expanding the eligibility for reduced price lunches, children from families whose incomes aren't so low as to qualify them for a free lunch but who come from working families with not a great deal of income, will be able to participate in the School Lunch Program, instead of dropping out. This section should help stem the flow of millions of paying children who have dropped out of the program in the last few years.

NON-PROFIT PRIVATE SCHOOLS

(Section 6)

This section makes a technical change, deleting some matching language that is no longer needed as a result of the newer performance funding requirements of the National School Lunch Act.

MISCELLANEOUS PROVISIONS AND DEFINITIONS

(Section 7)

This section changes the definition of school to include licensed non-profit private

residential institutions such as orphanages, homes for the mentally retarded, etc.

Currently only 9.3% of children in institutional care participate in the National School Lunch Program. The rest receive some federally donated commodities and some milk assistance. However, they receive nothing approaching the benefits of the School Lunch Program, in commodities or per meal reimbursements.

The vast majority (80%) of these children would be eligible for the School Lunch Program if they resided at home. The purpose of this section is to give them the same valuable nutritional support through the School Lunch Program as other children their age receive, who live at home and attend school. In their bloc grant proposal for all child nutrition programs, the Administration provides in their budget for per meal reimbursements to institutionalized children. This section does the same.

COMMODITIES

(Section 8)

This section extends per meal commodity donations for the School Lunch Program. These commodities provide the foundation for this important program, and help support our agricultural market. School lunch administrators and personnel are overwhelmingly in support of this extension. Without it, school meal costs would increase drastically, because many school districts cannot get commodities at the same price the Department of Agriculture can, nor could they inspect or grade the foods with the same efficiency. If schools lost the commodities and lunch prices went up, a large number of the 25 million children receiving meals each day would either pay higher prices than they are now paying, receive inferior meals, or drop out of the program.

In addition to maintaining commodity support for the School Lunch Program, this section restores to the School commodity program flour, oil and shortening. The Department of Agriculture has withheld these commodities this entire school year while increasing shipment of them overseas. As a result, they are unavailable to schoolchildren for the first time in many years. Their loss has hurt local school districts that had facilities and employees intact to prepare foods from them, and the children who had been receiving them for years. Their loss has also been a factor in the increased prices paid this year by participating children. This section merely restores those cereal, shortening, and oil products which had previously been available to the schools.

COMMODITIES

(Section 9)

This section continues the current practice of providing the bulk of the commodity assistance to the School Lunch Program in the form of food, not cash to purchase food. USDA and Nutrition Committee studies show the purchasing power advantage held by USDA. If assistance under this section were given to schools in cash and not commodities, the local school districts would be presented with an added fiscal burden, as purchasing the same foods as USDA would cost them more, thus driving up the cost to children and driving some from the program. Authorization for this practice ends this year.

(Section 10)

This section makes a very minor addition to the National School Lunch Act, by excluding benefits of the school lunch program from computation of income under any Federal or State laws.

(Section 11)

This section makes Puerto Rico eligible for the Special Milk Program.

SUMMER FEEDING

(Section 12)

The summer food program is extended for two years with minor changes. The section places a ceiling on reimbursement rates that may be paid for meals served in especially needy institutions participating in the program, with a provision that this ceiling be adjusted annually in accordance with changes in the food away from home series of the Consumer Price Index. (This is the same adjustment formula used in the school food programs.

The ceiling for lunches served in needy institutions would be set at 80 cents, a level 9.5% above the 73 cent maximum set by USDA for last summer's program.

This section would also make the program available to short-term residential camps for low-income youngsters. When Rep. Charles Vanik (D.-Ohio) sponsored the legislation that created this program in 1968, he stated on the House floor that the intent of the legislation was to include such camps, but USDA has arbitrarily barred their participation by regulation.

SPECIAL FOOD SERVICE PROGRAM

(Section 13)

This section of the bill would bring the Special Food Service Program for children (under which reimbursements are provided to non-residential child care institutions for meals served to attending children) into accordance with the same procedures and requirements that apply in the school lunch and breakfast programs. As in the school programs, participating institutions would be required to collect income statements from parents or guardians, and institutions would then receive the same per meal reimbursements, and the same per meal amounts of commodities, as are provided the schools in the school food programs.

This should lead to more effective and efficient operation of the program. At present, States are hindered by an archaic apportionment formula under which some States never have enough money and other States return funds unspent each year. In addition, at present some poor children are barred from the program solely because their day-care center is not located in a hard-core poverty area, while non-poor children within a poverty area receive as much reimbursement per meal as poor children. The procedures of the school food programs, which have proven effective for providing reimbursement on behalf of each participating child in accordance with the income of the child's family, would resolve these inequities and greatly strengthen and regularize program operations.

Reimbursements would continue to be available for the serving of suppers and meal supplements in that small percentage of participating institutions which provide these meals.

This section also makes the special food service program available for the first time to licensed, non-profit family day care centers, which are currently excluded from the program solely on the basis of Agriculture Department regulations.

(Section 14)

This section acknowledges the intent of Congress to make available the Special Food Service Program and the Summer Feeding Program to all eligible children. The Secretary of Agriculture is directed to devise a plan of information to the States, to educate them as to the availability of these programs.

NON-FOOD ASSISTANCE

(Section 15)

This section directs the Secretary of Agriculture to make available and apportion among the States $5,000,000 for equipment assistance to the Special Food Service Program and the Summer Food Program. Both of these programs, according to administrators who have testified before the Select Committee on Nutrition and Human Needs, and according to GAO, have suffered from lack of money for equipment. This section for the first time mandates a certain amount of equipment money for these two programs, and should assist them in providing clean and professional nutrition delivery programs.

SPECIAL SUPPLEMENTAL FOOD PROGRAM

(Section 16)

This section extends and expands the program known as WIC (Women, Infants, and Children).

This program provides high-protein diet supplementation to low income women, infants, and children found to be at nutritional risk. The idea behind the original pilot legislation was to reach people during those critical periods when nutrition intervention would do the most good for them and therefore give the taxpayers the best return on their tax dollar.

This section makes WIC a permanent program. The response from the States warrants no less of a commitment.

This section attempts to correct many of the problems which have been discovered during this initial implementation period, and reflects extensive input from WIC administrators and participants which has been received by the staff of the Select Committee on Nutrition and Human Needs.

The medical evaluation component has been revised so that some of the problems of the early evaluation which have been discovered and discussed by the GAO can be corrected. The new evaluation component requires the Secretary to meet with a group of experts in the field of maternal, fetal, and infant nutrition. This group will have studied the original evaluation, taken a look at existing health and nutrition assessment methods, and developed a plan for implementing a specific evaluation geared to the WIC program, and/or a plan for using WIC data in other assessments, if either is feasible. This way, there is a potentiality for using the acceptable data gathered in the first evaluation and devising new methods. It is hoped a smaller in-depth study over a longer period of time will be possible to determine the impact of this diet supplementation.

This section also increases the percent of total funds available for administrative expenses and includes within that increased monies for nutrition education and outreach. The need for both an increase in administrative funds and provisions for nutrition education have been emphasized repeatedly by WIC administrators as necessary to make the program work effectively.

The components of administrative expenses are clearly spelled out; start-up costs are allowed in sufficient amounts to allow any program to get itself off the ground; women are allowed to continue to receive foods for six months after birth, as opposed to six weeks, in order to allow them a longer period to catch up from nutritional depletion resulting from childbirth; children are allowed to participate through five years of age; not four, in an attempt to expand slightly their nutritional coverage during the preschool years; the food package is made flexible enough to cover certain medical needs or cultural eating patterns; advance payments to the States are required; and, a National Advisory Council is established for maternal, fetal, and infant nutrition.

This Council will be composed of administrators, health professionals, nutritionists, State and local WIC directors, and WIC participants. They will meet with the Secretary of Agriculture on a regular basis as an advisory panel, and issue a report once a year. This report will include the results of their oversight, and recommendations for the improvement of maternal, fetal, and infant nutrition programs.

By Mr. MOSS:

S. 851. A bill to direct the National Aeronautics and Space Administration to conduct a comprehensive program of research, technology, and monitoring of the phenomena of the upper atmosphere,

and for other purposes. Referred to the Committee on Aeronautical and Space Sciences.

UPPER ATMOSPHERIC RESEARCH AND MONITORING ACT OF 1975

Mr. MOSS. Mr. President, several weeks ago the Senate Committee on Aeronautical and Space Sciences held a hearing on the Earth's upper atmosphere. At this hearing eminent scientists from both inside and outside the Government testified as to the considerable concern in the scientific community about the effects of various substances finding their way into the upper atmosphere. This concern has been dutifully and clearly reported by the press and, consequently, has generated great public concern. The purpose of the hearings before the committee was to find out what factually is known about the upper atmosphere and its problems, what is theoretical, and what should be done now.

Mr. President, without any exaggeration that hearing was one of the most interesting I have ever attended. To put the hearing in proper perspective, let me develop quickly what it is that concerns our scientists and the public.

Life on Earth is protected from the Sun's ultraviolet radiation by a thin layer of ozone in the stratosphere. Without this layer of ozone to absorb most of the Sun's ultraviolet radiation, life on Earth cannot exist. Based largely on the results of theoretical studies, some scientists recently have predicted the destruction of stratospheric ozone molecules by some chemicals being released into the atmosphere in enormous quantities. The theory predicts that chemicals, such as the Freon gas used in refrigeration units and spray cans, remain in the atmosphere for very long periods of time, gradually rising to the stratosphere, and, through a complicated catalytic process, destroy ozone at prodigious rates. It also has been suggested that the enormous amounts of nitrogen fertilizer being used around the world have similar long-term destructive effects on the ozone in the upper atmosphere. What concerns the scientific community and the public is the clear possibility that some things being done here on earth might result in destroying substantial amounts of stratospheric ozone.

Along with the reported effects of various chemicals on the Earth's upper atmosphere has come the realization that: First, little of what we know about the upper atmosphere is based on experimental evidence; second, there are surprisingly few trained experts in this field, perhaps not more than a hundred in the entire world; and third, efforts to understand what happens in the upper atmosphere have been piecemeal and fragmented. The hearing before the committee bore all of this out.

All of the witnesses heard by the committee agreed that based on the theoretical evidence we might be running into serious problems with the upper atmosphere. They agreed that the processes of the upper atmosphere are extremely complicated. There were some differences of opinion as to the degree of the seriousness of the problem but we did not hear any scientific argument or evidence which contradicts the theoretical conclusions. The witnesses agreed that a better research, technology and monitoring program is necessary to understand the upper atmosphere and its problems. They also agreed that this program should have as its long term objective the better understanding of the upper atmosphere but that the near term objective should focus on the stratosphere. The witnesses also agreed that because of the nature of the stratosphere this is a worldwide concern requiring close international cooperation.

Mr. President, there have been proposals to immediately ban substances that in theory have an adverse effect on the upper atmosphere. But after considering some of the substances in question, such as the nitrogen fertilizer required to grow the world's food and Freon used to run most of the world's refrigeration systems, it is clear to me that we simply cannot ban every substance that might have an adverse effect. What is needed is a well planned and focused research, technology, and monitoring program which will provide an understanding of the upper atmosphere and its problems and determine whether or not the theoretical conclusions are correct.

Mr. President, the agency of the U.S. Government best able to carry out such a program on the Earth's upper atmosphere is the National Aeronautics and Space Administration which possesses unique capabilities to conduct research on the upper atmosphere using both direct- and remote-sensing techniques. NASA has wide experience, not only in the atmospheric science of the Earth but also in studying the atmospheres of other planets so as to increase our understanding of the chemistry and physics of planetary atmospheres generally. I might point out that an event of significance leading to the questions being raised about the Earth's atmosphere was the discovery that the atmospheric chemistry of Venus is controlled by chlorine even though chlorine is a very minor constituent—about 1 part in 10 million—of that atmosphere.

Therefore, Mr. President, I am introducing a bill which provides that the National Aeronautics and Space Administration in cooperation with other Federal agencies shall begin immediately and carry out a program of research, technology, monitoring, and other appropriate activities directed to the purpose of understanding the physics and chemistry of the upper atmosphere. In carrying out this program the Administrator of NASA must make all results available to the appropriate regulatory agencies and otherwise provide for the wide dissemination of the results.

Mr. President, I feel certain that my colleagues will be hearing more and more regarding these problems in the weeks ahead. Therefore, I commend this bill to their attention, and ask unanimous consent that it be printed at the conclusion of my remarks.

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

S. 851

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 "Upper Atmospheric Research and Monitoring Act of 1975".

SEC. 2. (a) It is the purposes of this Act to provide for an understanding of and to maintain the chemical and physical integrity of the earth's upper atmosphere.

(b) The Congress declares that it is the policy of the United States to undertake an immediate and appropriate research, technoloy, and monitoring program that will provide for understanding the physics and chemistry of the earth's upper atmosphere.

SEC. 3. For the purpose of this Act the term—

(1) "Administrator" means the Administrator of the National Aeronautics and Space Administration, and

(2) "upper atmosphere" means that portion of the earth's sensible atmosphere above the troposphere.

SEC. 4. (a) In order to carry out the purposes of this Act the Administrator of the National Aeronautics and Space Administration, in cooperation with other federal agencies, shall initiate and carry out a program of research, technology, monitoring and other appropriate activities directed to understanding the physics and chemistry of the upper atmosphere.

(b) In carrying out the provisions of this Act, the Administrator shall—

(1) arrange for participation by the scientific and engineering community, of both the nation's industrial organizations and institutions of higher education, in planning and carrying out appropriate research, in developing necessary technology and in making necessary observations and measurements;

(2) provide, to the maximum extent practicable and consistent with other laws, for the widest practicable and appropriate participation of the scientific and engineering community in the program authorized by this Act through the use of contracts, grants and scholarships; and

(3) make all results of the program authorized by this Act available to the appropriate regulatory agencies and provide for the widest practicable dissemination of such results.

SEC. 5. In carrying out the provisions of this Act, the Administrator, subject to the direction of the President and after consultation with the Secretary of State, shall make every effort to enlist the support cooperation and appropriate scientists and engineers of other countries and international organizations.

SEC. 6. The Administrator shall submit to the President, annually, for transmittal to the Congress, a report on the activities being carried out pursuant to this Act, together with a description of accomplishments achieved in the implementation of this Act.

SEC. 7. Except as otherwise provided in this Act, the Administrator shall, in carrying out the functions under this Act, have the same powers and authority the National Aeronautics and Space Administration has under the National Aeronautics and Space Act of 1958 to carry out its functions under that Act.

SEC. 8. (a) There are authorized to be appropriated $50,000,000 to carry out the provisions of this Act during fiscal years 1975, 1976, and the 3-month transition period between fiscal year 1976 and fiscal year 1977.

(b) Notwithstanding any other provision of the law, no appropriation may be made to the National Aeronautics and Space Administration to carry out the purposes of this Act for any fiscal year after fiscal year 1976, except the transition period, unless previously authorized by legislation hereafter enacted by the Congress.

By Mr. HARTKE (for himself and Mr. PEARSON):

S. 852. A bill to amend the Rail Passenger Service Act. Referred to the Committee on Commerce.

Mr. HARTKE. Mr. President, on behalf of myself and Senator PEARSON, I introduce by request a bill to amend the Rail Passenger Service Act, and ask unanimous consent that the letter of transmittal, statement of need, and text of the bill be printed in the RECORD.

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

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., February 11, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate, Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a bill to amend the Rail Passenger Service Act (the "Act") to authorize additional appropriations under section 601(a) of the Act.

The Amtrak Improvement Act of 1974 (P.L. 93-496) authorized $200 million in appropriations to finance Amtrak's operating deficit for Fiscal Year 1975. In order to insure continued operation of Amtrak services through Fiscal Year 1975 as required by the Act, an additional $63 million in grant authorization will be required.

In June 1974, Amtrak estimated its gross operating deficit for FY 1975 at about $150 million. Because of higher costs for wages and fuel and the cost of providing added services to meet increased demand, the estimated deficit was increased to $238.2 million in September of 1974. At that time it was made clear that the revised estimate did not include certain contingency costs which, if they occurred, would raise the deficit even higher. Because of the realization of certain of those contingent costs and an unanticipated decline in revenues during the first six months of FY 1975, the estimated loss for FY 1975 is now expected to be $325.0 million. The enclosure identifies the changes in the Amtrak FY 1975 deficit estimates and the need for new authorization.

Amtrak's actual experience during the first six months of FY 1975 shows that net revenues for the year will be $5.2 million less than anticipated, after taking into account the offsetting effects of the fare increase instituted in November 1974, the one planned for April, 1975, and increased charges, beginning in January of this year, on food and beverage service. Amtrak attributes this revenue decrease to the downturn in the economy.

On the expense side, Amtrak has included $99.1 million in new expenses which were previously included in Amtrak's budget estimates as contingency items: they are (1) railroad performance incentive payments of $21.5 million; (2) settlement of the Amtrak/Penn Central contract at $22.9 million; (3) additional car overhaul program expenses of $5.0 million; and (4) increased operating costs due to inflation of $49.7 million.

To offset in part these additional cost increases and revenue decreases whose combined impact is $104.3 million, Amtrak plans a cost reduction program which is estimated to save $13.5 million and which includes a reduction in force, savings in crew costs and improved equipment utilization. An adjustment in prior year billing charges will result in savings of $4.0 million. However to avoid drastic curtailment or even cessation of service, the additional authorization for grant assistance must be available by the end of March. A curtailment of service would adversely affect Amtrak's ability to provide service and generate revenues during the critical early months of its summer peak season.

While the Department in the very near future intends to submit its proposals to Congress for FY 1976 and beyond, the urgency of this matter requires the submission of this legislation at this time.

The Office of Management and Budget has advised that enactment of this legislation would be in accord with the President's program.

Sincerely,

JOHN W. BARNUM,
Acting Secretary.

Identification of changes in Amtrak fiscal year 1975 deficit

	Dollars in millions
Revenue:	
Net revenue decrease resulting from decrease in anticipated ridership (−$28.5 million) partially offset by fare increases (+$23.2 million)	$5.2
Expenses:	
Increase in costs not previously funded:	
Railroad performance incentive contract costs	21.5
Settlement of Amtrak/Penn Central service contract	22.9
Car overhaul program	5.0
Costs due to inflation	49.7
Total new expense items	99.1
Subtotal—Change in deficit before cost reductions	104.3
Cost Reduction Actions and Adjustments:	
Amtrak cost reduction effort	13.5
Adjustment for prior year charges	4.0
Total cost reductions and adjustments	17.5
Net change in deficit	85.8
New authorization required:	
Previous Amtrak fiscal year 1975 deficit estimate	238.2
Net change in deficit	86.8
Revised fiscal year 1975 deficit	325.0
Less funds currently available	247.1
Additional fiscal year 1975 supplemental appropriations required	77.9
Less currently available authorization	14.9
New authorization required	63.0

S. 852

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 303(d) of the Rail Passenger Service Act (45 U.S.C. 543(d)) is amended by inserting immediately after the third sentence the following: "This limitation upon compensation shall not apply, however, in the event the Board determines with respect to a particular position or positions that (1) a higher level of compensation is necessary, and (2) is not in excess of the general level of compensation paid officers of railroads in positions of comparable responsibility.".

SEC. 2. Section 601(a) of the Rail Passenger Service Act (45 U.S.C. 601(a)) is amended by striking out "534,300,000" and inserting in lieu thereof "597,300,000".

By Mr. METCALF:

S. 853. A bill relating to the sale of certain timber, cordwood, and other forest products. Referred to the Committee on Interior and Insular Affairs.

Mr. METCALF. Mr. President, I introduce for appropriate reference a bill to amend chapter 15 of the Mining Lands and Mining Laws, 30 U.S.C. 601-604, and related laws. It is identical to S. 1498, which I introduced last year. This act provides general authority to sell a wide variety of mineral and vegetative materials from public lands, including such Federal holdings as the national forests. It authorizes large competitive sales and deals also with regulation of vegetative materials—everything from ferns to timber.

For a number of reasons these acts need to be modernized and that is one purpose of my bill. Another is to improve the ability of the Bureau of Land Management and the Forest Service to make small sales of forest products, especially on a semicompetitive or a negotiated basis.

One special area of concern to me is improvement in the sale of salvage forest products on the public lands. For example, the Forest Service has a $2,000 limit on the sale of salvage forest products by other than advertised competitive sales. However, the authority in title 30 of the United States Code permits the sale of up to 250,000 board feet of timber by other than an advertised sale. The Forest Service cannot use the authority in title 30 as written.

On the other hand, there is a wide variation in the value that 250,000 board feet of timber may have in Montana, Washington, or Arizona. My bill seeks to make these authorities consistent. In addition, it seeks to give the land management agencies the opportunity to review the service they ought to be giving to smaller producers of common varieties of materials and minerals, various vegetative products and timber to improve resource utilization and better meet their obligation to the small businessman.

I have met in the past with a number of very small forest producers. Because they have severely limited capital they can purchase only small sales.

They described to me the numerous opportunities to comb the forest—either following up after a large timber sale—or picking up small clumps of dead, dying, or diseased trees.

Such sales are now limited by law and regulation and by procedures which make them more costly to the agencies to process than they ought to be. They also impose burdens on the small gypo logger that reduce his chance to break even.

In the broader and larger picture of timber supply and demand, these sales are not going to change the national picture. However, they could transform the present marginal operator into a taxpaying small businessman while contributing as well to forest improvement.

We need to keep in mind that some trees are affected by a disease that may damage part of them and that other trees die naturally, singly or in clumps. The salvage sale is thus an important tool in efficient forest management, for it is selection cutting of a sort that ought to be encouraged.

The bill would provide for a $5,000 top limit on small negotiated sales and in the case of forest products, a 250,000 board feet limit, whichever is less. I hope the hearings will develop whether this is the best way to encourage this program, while providing sensible limits. I hope that the Forest Service will be prepared to discuss its current $300

limit on a single green slip sale. The agencies should be prepared to address the issue of proper pricing.

While I have not included in the bill a provision to amend the reporting requirements in 30 U.S.C. 602(b), I would be interested in views on how these can be simplified with adequate protection to the public interest. Finally, agencies can suggest ways to improve the on-the-ground service to small operators while getting the maximum in forest management benefits.

By Mr. NELSON:

S. 854. A bill to amend the Foreign Military Sales Act to require congressional approval for any sale, credit sale, or guaranty involving a major weapons system or major defense service, and to require congressional approval of the total amount of sales, credit sales, and guaranties made to any country or international organization. Referred to the Committee on Foreign Relations.

Mr. NELSON. Mr. President, this legislation represents a step forward in the effort to restore the Congress' role as an active partner in helping to formulate and oversee U.S. foreign policy. Basically, this legislation would give the Congress the opportunity to evaluate in advance and set guidelines for the U.S. foreign military sales program. The bill would require the President to submit to Congress an annual report containing a forecast of the dollar amounts of foreign military sales proposed to be made to each country during the next fiscal year. In addition, the forecast would include the types and numbers of major weapons systems and major defense services proposed to be transferred. Congress would then be given the opportunity to consider the proposed arms sales program and set guidelines for, place restrictions on, and/or make additions to, the administration's proposed plans. Congress would not be expected to approve each individual sale necessarily but rather merely to establish a framework and parameters for the total sales program.

In fiscal year 1974 the U.S. Government sold over $8.2 billion worth of weapons to some 70 different foreign countries. This total is more than twice the $3.8 billion in weapons sold in 1973. Moreover, the 1974 total is more than nine times the total dollar amount of sales made in 1970. Clearly we are in need of a new congressional review mechanism to keep up with the rapid increase in this sales program. Congress must be given the timely information necessary to exercise its oversight responsibility in this crucial area.

In fact, the rapid increase in sales continues unabated. The Pentagon recently released figures showing that in the first 7 months of fiscal year 1975 the United States sold $4.6 billion worth of arms abroad with about $3.6 billion of that going to the volatile Mideast area. In fact, in the last quarter of 1974, the Defense Department sent out letters of offer to sell weapons to various countries representing over $6.6 billion worth of armaments. At this rate, the United States could commit itself to selling over $25 billion worth of weapons abroad per year. The dollar amounts involved and the rapid increase of these sales are truly staggering.

The magnitude of the amounts involved in the foreign military sales program becomes clear in comparison to the total amounts of U.S. military assistance. For example, the Congress in fiscal year 1974 approved a total of $2.8 billion in military assistance. The total figure for the foreign military sales program last year was over two and a half times as great. The following table compares the amounts involved in these programs:

Comparison of total dollar amounts for all forms of U.S. military assistance and for FMS (foreign military sales)

	Military assistance	*FMS*
Fiscal year 1970	2.9	0.9
Fiscal year 1971	3.5	1.6
Fiscal year 1972	4.0	3.2
Fiscal year 1973	3.7	3.8
Fiscal year 1974	2.8	8.2

As is evident from this table, the level of military assistance has been steadily decreasing while the level of foreign military sales has increased dramatically and in fact has exceeded the total amount of military assistance in the last 2 years.

Congress has the opportunity to thoroughly consider in advance the proposed military assistance programs contained in the Foreign Assistance Act. And yet no such chance is afforded the Congress in the case of military sales—even though military sales represent a much more significant arms total.

The obvious reason for the difference in the approaches to congressional consultation in these two instances is the fact that in the case of foreign aid, Congress must appropriate funds, whereas, in the case of foreign military sales only those sales transacted on a credit or guaranty basis require Government expenditures and thus also require congressional authorization. The question really is whether this difference in the funding mechanism of these two types of military aid should really make any substantive difference in the way in which Congress is consulted in each instance.

Whether a weapon is given to a foreign country, sold on credit to it, or sold on cash terms to the country in question has no relevance to the foreign policy implications of the arms transfer. The fact remains that the vast amount of foreign military sales which the U.S. Government is engaged in has foreign policy implications just as vast. Regardless of how the arms transfers are accomplished, Congress should be in a position to consider the foreign policy implications of arms transfers in advance and in a comprehensive manner. The Defense Appropriations Subcommittee of the Senate recognized just how important these sales are in its report last year on the Defense Appropriations bill:

> The political and economic impact of foreign military sales on the United States and recipient foreign countries is immeasurable.

The report went on to state:

> The Committee is particularly concerned that long term security interests of the United States might be jeopardized by large cash sales of sophisticated weapons systems in areas of potential conflict. Recent arms sales to the Middle East, Greece and Turkey have created severe political military, and economic repercussions on both the United States and the international community. These conflicts weaken detente, threaten superpower confrontation, and have profound economic consequences.

In conclusion the report states that:

> At present, Congress has little meaningful statutory control over cash sales which are the largest category of foreign military sales.

Surely this is an area which deserves more congressional attention than it has previously received.

Mr. President, I ask unanimous consent that the portion of the Appropriations Committee's report on the Defense Appropriations bill dealing with "Sales of Military Equipment to Foreign Governments" be placed in the RECORD at the end of my remarks.

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

(See exhibit 1.)

Mr. NELSON. The recent decision by the administration to lift the embargo on arms to Pakistan serves to emphasize the importance of our arms sales policy decisions, decisions which are taken without sufficient congressional consultation. Such a decision will obviously have a great impact on United States-Indian relations, Indian-Pakistani relations, and the stability of the area. Some maintain that it will result in a new arms race. This may or may not be the case, but should not the Congress have an opportunity to examine the complex issues produced in this and other instances? Are we going to continue to allow the executive branch to make major decisions affecting our foreign policy without adequate congressional consultation?

In fact, the newspapers have been filled recently with a long list of major arms deals. In none of these cases has Congress had the opportunity to thoroughly consider the important issues involved before the deals were finalized. Some of the deals have been announced are the following:

The United States last month confirmed that it is selling some 60 F-5 jet fighters to Saudi Arabia at a cost of over $750 million.

The United States has agreed to sell Iran 80 F-14's, the Navy's most sophisticated jet fighters.

The Pentagon recently announced that technical assistance and training contracts with Iran and Saudi Arabia total $676 million.

The level of United States weapons and training and being provided to Iran and Saudi Arabia lead some people to believe that the United States is actually stimulating an arms race in the Persian Gulf. In fact, these deals could be construed as placing the United States in the awkward position of supplying weapons to both the major rivals in the Persian Gulf as well as both sides in the Arab-Israeli arms race.

Obviously, these deals and others raise serious foreign policy questions. These questions deserve to be carefully considered and debated on their merits in

the Congress before the significant foreign policy decisions are made.

Last year Congress made a good beginning in asserting its oversight function in this area by enacting into law—as part of the Foreign Assistance Act—a provision based on a bill which I introduced in the Senate in 1973 and again in 1974. This newly enacted law requires that Congress be notified of any proposed foreign military sale in excess of $25 million. Congress then has a period of 20 calendar days in which to veto such a proposed sale by adopting a concurrent resolution expressing disapproval of the transaction. If no resolution is passed in this time period, the sale may be finalized.

This was a step in the right direction. However, more needs to be done. Congress needs the opportunity to look at the foreign military sales program in more than just an ad hoc, piecemeal fashion. It should be able to view the proposed program in its entirety and evaluate the proposed sales in relation to each other.

More importantly, the Congress should be given the chance to pass judgment on the administration's justifications and plans for these sales. The Congress has a responsibility to be involved in the critical initial stages of policymaking in this area so that it may establish guidelines for, set restrictions on, or make other additions to the proposed program of foreign military sales.

By providing the Congress with a forecast of the proposed sales program in advance and requiring congressional approval in principal, this legislation would allow Congress to live up to its responsibility. In addition, this bill, by requiring a projection of foreign military sales over a 5-year period, would provide a useful measure of long-range planning and thinking in a field full of long-range impact. The weapons we sell today will be around for a long time.

At the same time that Congress should be involved in helping to set guidelines and parameters for our arms sales program, it should assiduously avoid meddling in the day-to-day conduct of foreign relations. With this in mind the legislation does not attempt to require a report on each and every proposed arms sale. Rather, a forecast of the total dollar amount and type of major weapons and major defense services to be transferred to a country in a given year is required. After congressional approval of the proposed arms sales program, any arms sales falling within the parameters established by Congress would be allowed.

A major weapons system is one defined as costing over $50 million in research and development or $200 million in production. This definition includes most significant weapons. A major defense service is defined as one which materially increases the military capability of the recipient country.

Under the terms of this legislation, Congress would be charged with authorizing a maximum amount of sales for each country or international organization involved in the program. However, Congress would be free, after setting a dollar ceiling, to allow the President some flexibility in exceeding this amount should the Congress wish to grant this discretionary power. Furthermore, Congress would be free to set whatever other restictions it wanted to on the program, including restrictions on the types and/or numbers of weapons to be transferred and restrictions on the types of defense services to be transferred.

The legislation includes a waiver provision whereby the President may waive the requirement for prior congressional approval in cases where he deems that such a waiver is vital to the security of the United States.

One of the provisions of this bill should help the executive branch in preparing a well thought-out policy with regard to these sales. The bill requires the President to submit a justification for the foreign military sales program as a whole as well as for the arms sales to individual country or international organization including an explanation of the manner in which the furnishing of defense articles or defense services to a particular country or international organization will support U.S. foreign policy objectives, strengthen the security of the United States, and promote world peace.

The apparent lack of thorough evaluation of the merits and drawbacks of the present U.S. arms sales policy in the Persian Gulf was cited by Michael Getler in a recent article in the Washington Post:

> U.S. government officials acknowledge that neither the Nixon nor Ford administration has carried out a major National Security Council study of where the Persian Gulf arms race might lead 10 years from now, as it usually done with crucial issues.

One of the key provisions of the bill would require the administration to submit a statement outlining the impact of the proposed sales on U.S. foreign policy, on regional balances and arms races, on arms control policies and negotiations, on the defense production capability of the United States, on the military preparedness of U.S. Armed Forces, and on war reserve stocks.

The issues cited in this proposed impact statement are precisely the ones which need to be addressed by the Congress. Two questions relating to the relationship of arms sales to U.S. military readiness were raised by a recent—October 1974—GAO report on the foreign military sales program in Iran:

First. To what extent does the sale of first-line military equipment impact on the readiness of U.S. forces? and;

Second. To what extent does the requirement for U.S. military advisers with sophisticated skills in limited supply reduce U.S. readiness by causing shortages in these skills in U.S. units?

The GAO study stated that supplying Iran with advisers on the present scale could "adversely affect the readiness status of U.S. forces."

The wisdom of supplying sophisticated weapons not yet fully stocked in U.S. arsenals was also questioned in a recent report issued by the Defense Appropriations Subcommittee of the Senate:

> The recent sale of 80 F-14 fighter aircraft to Iran could considerably reduce the combat capability of the U.S. Armed Forces. These aircraft, the most sophisticated fighter aircraft available, will be delivered to Iran prior to the planned U.S. Navy force being fully equipped.

In conclusion, the GAO report raised some of the issues to be considered and suggested greater congressional involvement in overseeing this rapidly expanding field of arms sales:

> As the volume of cash sales under the Foreign Military Sales Act increases, the foreign policy impact also increases. Even though GAO found no firm contradictions with the requirements of the Foreign Military Sales Act, it questions (1) the impact of such sales on the arms race, (2) the extent and character of the military requirement, (3) the legitimate self-defense needs of the purchasing country, and (4) other criteria set forth in the act.
>
> In 1973 and 1974 oil-producing countries, particularly those in the Persian Gulf, accumulated vast amounts of capital from the increased price for oil. For example, even with the high level of purchases, Iran's international monetary reserves increased from $992 million to $5.4 billion in the nine months ending June 30, 1974. The oil-producing countries, in total, increased their reserves by $16 billion (or 125 percent) in the same period.
>
> These countries are using this capital to increase arms purchases. For example, Iran agreed to purchase more arms from the United States in 1974 than did the rest of the entire world combined in any other preceding year.
>
> The Congress does not systematically receive timely information on the volume and make-up of such cash sales or on the nature of the military capability they provide the buyer. Although the Congress is provided information on deliveries of arms sales for cash, such deliveries often come several years after the sales take place. Estimates of current and future year cash sales are provided, but only in dollar totals by country.
>
> GAO suggests, therefore, that the Congress, as a means of securing timely information for its policy deliberations, may want to require the Executive Branch to periodically furnish information on the volume and nature of major cash sales that could materially increase the military capability of the purchasing nation.

The GAO report raises another important issue which Congress should deal with, namely the fact that the U.S. Government is not fully receiving all the recoverable costs of the foreign military sales program. Thus, in fact we are subsidizing foreign countries which can afford to pay their full share of the costs. The report made the following conclusion.

> The United States is conducting its arms sales program to Iran at considerable cost to the United States, although the law requires recovery of all costs to the maximum extent possible.
>
> The principle of full cost recovery should be implemented in military sales to countries like Iran which are financially capable of paying. To the extent that U.S. costs are not recovered, they become a form of invisible grant aid.
>
> Unrecovered costs include at least $10.5 million in administrative costs and $24.2 million in unrecovered interest costs on Export-Import Bank loans for arms purchases. The Bank made the loans at lower interest rates than it paid on its borrowings, some of which were from the U.S. Treasury.
>
> It seems incongruous that, despite her current great wealth and massive arms purchases, Iran still owes the United States $36 million in past-due debts incurred mostly right after World War II.

Of the total amount of $8.2 billion worth of weapons sold abroad in 1974, over $6.5 billion went to countries located in the volatile Mideast region. Approximately $4 billion worth of weapons was sold to Iran alone. In addition, Saudi Arabia purchased close to $600 million worth of arms in 1974. No one can say for sure what impact this massive and continuing infusion of arms will have in this area of the world. But one thing is certain, Congress should have the opportunity to consider in advance arms sales such as these which have wide-ranging implications for U.S. commitments and U.S. foreign policy. Clearly foreign military sales have become a major instrument of U.S. foreign policy. And it is only proper that the legislative branch should be consulted in the crucial initial stages of policy formulation.

Mr. President, I ask unanimous consent that a table provided by the Department of Defense be placed in the RECORD at the conclusion of my remarks. This table, listing the dollar amounts involved in foreign military sales orders, is indicative of the importance of foreign military sales.

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

(See exhibit 2.)

Mr. NELSON. The providing of weapons or defense services to foreign countries represents an important U.S. commitment which can lead to greater and greater U.S. involvement. This has gotten us into trouble in the past and could easily do so again. Charles Yost, a respected and veteran diplomat, makes this point quite well in a recent article in the Christian Science Monitor:

> Moreover, as we learned to our cost in Vietnam, arms supplies may be the first slope on a long toboggan ride. Recipients have to be trained in the use of American arms. That means advisers and military missions. It is often difficult for advisers to avoid becoming involved in local politics. If war breaks out, they may be asked to give advice in the field, to pilot planes, to fire rockets.
>
> At the end of the toboggan slide the United States may find itself embroiled in a prolonged local war or drawn into another confrontation with the Soviet Union.

Mr. President, the issues involved in the arms sales program are complex. There are a variety of arguments used to support arms sales, including the following:

First, arms sales are useful in helping to supply our allies when they cannot supply themselves;

Second, the sales allow us to maintain influence over the recipient governments;

Third, they provide a useful mechanism for correcting our balance of payments and helping to pay for oil;

Fourth, they are helpful in preserving regional balances of power;

Fifth, the sales help to maintain internal security in the recipient countries; and finally

Sixth, if we do not sell the arms, someone else will.

The arguments used against the sales are also varied:

First, the sales lead the United States to make greater and greater commitments to a country, commitments which no one originally intended;

Second, the United States can maintain very little, if any, control over the use of the weapons, once sold;

Third, there is a good chance the arms will be used, thus adding to the total of 10 million people killed by conventional arms since World War II;

Fourth, the sales may actually spur regional arms races and thus lead to instability;

Fifth, the sales may aid totalitarian regimes in their efforts to suppress legitimate interest groups in their own countries;

Sixth, the United States has the dubious distinction of being the leading arms merchant in the world and we should take actions to reverse this trend;

Seventh, selling sophisticated weapons often detracts from the readiness of the U.S. arsenal;

Eighth, the sales represent a diversion of much needed resources not only on the part of the United States but also on the part of the recipient countries; and

Ninth, indiscriminate sales sometimes result in situations where both sides in a conflict use U.S.-made weapons. The instances of India and Pakistan and Greece and Turkey are cases in point:

It is of course not possible to categorically declare that all sales are good or all sales are bad. Quite obviously a multitude of particular factors must be taken into consideration in addition to the general issues cited above.

For whatever reasons, it is apparent from recent sales trends that both the Pentagon and the State Department have been more enthusiastic than usual in their promotional activities in behalf of the arms sales programs. Maybe the reasons for the sales are valid; maybe they are not. But in any case, Congress must be given an opportunity to discuss these vital questions.

Recently the providing of training and other defense services by the United States to foreign countries has received some attention in the press, as well it should. The recent announcement by the Pentagon of the awarding of a $77 million contract to the Vinnell Corp. of Los Angeles to train Saudi troops to protect oilfields served as a catalyst to public interest in this aspect of our foreign military sales program. This legislation will allow the Congress to consider proposals to provide defense services as well as defense articles. The importance of these services is emphasized by figures recently released by the Pentagon indicating that the U.S. Government and private teams were training military personnel in 34 countries under contracts worth $727 million.

Mr. President, Congress has a special obligation to carefully review our arms sales program in light of the fact that the United States is far and away the world leader in arms exports. From 1964 to 1973, the United States exported more arms than the rest of the world combined. In fact, from 1964 to 1973 the United States exported more weapons than the rest of the world combined in each and every year except 1972. In 1973 the figures for actual arms exports—as opposed to arms "sales," some of which are not delivered for a year or more—for the leading four exporters were as follows:

[In billions]

U.S.	$5.0
U.S.S.R.	$2.5

[In millions]

France	$500
Britain	$333

Clearly, we are the pace-setters in this deadly and wasteful conventional arms race. It is time that we showed restraint in this area. And it is past time for Congress to be thoroughly consulted before U.S. arms sales policies are implemented.

Mr. President, the issues involved in arms sales are complex; the effects are far reaching; the stakes are high; and the present level of congressional consultation and oversight is inadequate. The U.S. Government, which sells over twice as many arms as any other country, has a responsibility to carefully consider the implications of these vast arms sales. This responsibility extends to the legislative as well as the executive branch. This legislation would give the Congress the mechanism necessary for careful review of the important issues involved in the foreign military sales program.

Mr. President, I ask unanimous consent that the text of the bill, as well as materials relating to this issue, be printed in the RECORD at this point.

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

S. 854

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 2 of the Foreign Military Sales Act is amended by adding at the end thereof the following new section:

"SEC. 25. Congressional Approval.—(a) Not later than February 1 of each year, beginning in the calendar year 1976, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the same day a report which shall include the following:

"(1)(A) A statement which shall set forth—

"(i) the total amount of cash sales from stock under section 21, contracts for the procurement of defense articles or defense services under section 22, credit sales under section 23, and guaranties under section 24 of this Act proposed to be made during the next fiscal year to each country or international organization the name of which is set forth in such statement pursuant to clause (ii) of this subparagraph;

"(ii) the country or international organization to which such sale, credit sale, or guaranty is proposed to be made; and

"(iii) in the event any such sale, credit sale, or guaranty involves a major weapons system or a major defense service, a full and complete description of such major weapons system or such major defense service.

"(B) The President may, from time to time, submit additional statements with respect to any of the matter specified in paragraph (1)(A) of this section.

"(2) A projection which shall set forth the total amount of such sales, credit sales, or guaranties expected to be made to each coun-

try or international organization during the next 5 fiscal years. In the event such sales, credit sales, or guaranties are expected to involve a major weapons system or a major defense service, such report shall to the maximum extent possible describe fully and completely such major weapons system or major defense services, and shall set forth the name of the country or international organization to which the sale, credit sale, or guaranty thereof is expected to be made.

"(3) An explanation and justification for—

"(A) the total foreign military sales program;

"(B) the foreign military sales program with respect to each country and international organization to which sales, credit sales, or guaranties are made thereunder; and

"(C) any sale, credit sale, or guaranty involving a major weapons system or major defense service;

as described in the projection transmitted under paragraph (2) of this subsection, including an explanation of the extent to which the matter set forth in clauses (A), (B), and (C) of this paragraph will—

"(i) support the foreign policy objectives of the United States;

"(ii) strengthen the security of the United States; and

"(iii) promote world peace.

"(4)(A) An impact statement describing fully and completely the effect of the matter set forth in clauses (A), (B), and (C) of paragraph (3) of this subsection with respect to—

"(i) balances of power and arms races in each region of the world in which such sale, credit sale, or guaranty is expected to be made;

"(ii) international negotiations and efforts directed at the achievement of arms control;

"(iii) the defense production capability of the United States;

"(iv) the military preparedness of the armed forces of the United States; and

"(v) the War Reserve Stocks.

"(B) In the preparation of that portion of the impact statement relating to clauses (A)(i) and (A)(ii) of this paragraph, the President shall consult with the Director of the Arms Control and Disarmament Agency.

"(C) Not later than 30 days following the receipt of a request made by the Chairman of the Committee on Foreign Relations of the Senate or the Chairman of the Committee on Foreign Affairs of the House of Representatives for additional information with respect to a statement transmitted under paragraph (1)(A) of this subsection, such information shall be transmitted to such Chairman.

"(b)(1) After consideration by the Congress of a statement transmitted pursuant to subsection (a)(1)(A) of this section and the passage of a concurrent resolution approving—

"(A) a maximum amount of sales, credit sales, and guaranties with respect to a specified country or international organization during the next fiscal year, the President may make sales, credit sales, and guaranties to such country in an amount not exceeding such maximum amount; and

"(B) a sale, credit sale, or guaranty involving a major weapons system or major defense service;

the President may mak such sale, credit sale, or guaranty, subject to any limitations, prohibitions, and authorities contained in such concurrent resolution.

"(2) Any or all of the matter set forth in paragraph (1) of this subsection may be included in a single concurrent resolution of approval.

"(3)(A) No sale, credit sale, or guaranty involving a major weapons system or major defense service may be made unless the Congress by concurrent resolution approves such sale, credit sale, or guaranty.

"(B) No other sale, credit sale, or guaranty may be made unless—

"(i) the Congress has approved by concurrent resolution the country or international organization to which such sale, credit sale, or guaranty is to be made;

"(ii) the total amount of sales, credit sales, and guaranties previously made to such country during such fiscal year does not, when added to the amount of such sale, credit sale, or guaranty, exceed the maximum amount approved under paragraph (1)(A) of this subsection; and

"(iii) such sale, credit sale, or guaranty is made in accordance with all limitations, prohibitions, and authorities referred to in paragraph (1) of this subsection.

"(c) The provisions of subsection (b) of this section shall not apply with respect to any particular sale, credit sale, or guaranty if the President transmits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a statement of the waiver in which he certifies that such waiver is vital to the security of the United States."

(b) Section 47 of such Act is amended by—

(1) striking out the word "and" at the end of clause (1);

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

(3) adding at the end thereof the following new clauses:

"(3) 'major weapons systems' means a weapons system which costs, over the life of its development or production in—

"(A) research, development, testing, and engineering, in excess of $50,000,000; or

"(B) procurement, in excess of $200,000,000; and

"(4) 'major defense service' means any defense service (as defined in section 644(f) of the Foreign Asistance Act of 1961) which materially increases the military capability of the country to which it is rendered."

[From the Washington Post, Jan. 25, 1975]

SELLING ARMS IN THE PERSIAN GULF

The Persian Gulf countries keep buying American weapons and the United States, cheerfully and mindlessly, keeps selling them. In the face of a great deal of melancholy experience to the contrary, our government apparently continues to assume that other nations will never be so wanton as actually to use the exceedingly powerful armaments on which they are spending billions of dollars a year. The whole subject is a difficult one for American officials to discuss in public since the putative reasons for our conduct are transparent and the real reasons are rather shabby.

In fact, we are selling these weapons partly to pay for oil, partly to butter up the governments that have oil to sell, and partly to preserve jobs in the American aircraft and armaments industries. Weapons experts are now a very substantial item in our foreign trade. This country sold more than $8 million in arms in the last fiscal year, nearly all of it to Middle Eastern countries. Almost $4 billion worth went to Iran alone. The current volume of sales is certainly no lower. The United States is now pouring very modern arms at an astounding rate into a region that is at once the most volatile in the world and one on which all of the world's industrial economies depend for their basic fuel.

In his press confernce this week, President Ford found himself confronted with a question on those weapons shipments. He responded first with a reference to the American efforts to work out a peace settlement between Israel and her Arab neighbors. There the United States is carrying on an intensive and continuous diplomatic campaign in behalf of peace. Arms sales there are justified in order to keep the balance of forces from tipping while the talks go on, and to ensure that the passage of time does not benefit one side at the expense of the other.

But then the President, proceeding to progressively weaker arguments, added that we sell these arms also to "maintain the internal security" of some of these countries. Internal security? The Grumman F-14, of which Iran has ordered some 80, flies at well over twice the speed of sound with missiles aboard. Grumman is now preparing to send a contingent of some 2,000 engineers and technicians to Iran to maintain these planes and train Iranians. They will raise to about 12,000 the number of Americans currently employed in Iran in one aspect or another of the arms business. Some of our sales to Iran have involved the establishment by American companies of production plants there. They constitute insurance that, should Iran choose to use its new equipment, it would not find itself entirely dependent on American shipments and American policy for its supplies of parts and ammunition.

President Ford further suggested to his press conference that our arms sales are also intended to maintain "equilibrium in arms capability" among the purchasing nations. While that logic may apply well to Israel and the adjacent Arab states, it makes no sense at all in the Persian Gulf where Iran's power now far exceeds that of any other state in the region. To take one highly ominous example, Iran is now reported to have two battalions of heavy artillery operating inside the borders of its old enemy, Iraq, in support of the Kurdish rebellion against the Iraqi government. Iraq, which does not have guns of sufficient range to meet this challenge, has altogether predictably gone to Moscow for help. The United States obviously is not creating a balance in the Persian Gulf but, on the contrary, has built an imbalance that forces the Iraqis toward the Soviet Union. This effect is particularly unfortunate since Iraq has given considerable evidence of understanding very well the dangers of too close a relationship to the Russians, and has been trying to avoid precisely the kind of dependence into which this country is now inadvertently helping to push it. There are, incidentally, indications that the level of intermittent fighting along the Iraqi-Iranian border is rising. There is, of course, no intensive and continuous diplomatic campaign by the United States in behalf of peace along Iraq's borders.

Iran is not, certainly, the only nation in the Persian Gulf that the United States is arming. This country is currently helping to rebuild, for example, the armed forces of Saudi Arabia. The Saudis are now rich enough to need a great deal of military protection from all of their neighbors—including our other customer, Iran.

The unpleasant possibilities here are manifest. The sporadic border incidents between Iran and Iraq might easily expand into much more serious fighting. It is quite conceivable that trouble of the most bloody sort might break out over offshore drilling sites in the Gulf itself. To consider the worst and most dangerous of possibilities, spreading warfare in the Gulf, might prevent oil tankers from moving in and out of the docks at all. The Gulf states, with their fat bank accounts, could afford it—at least in the financial sense. The rich industrial nations, which depend on Persian Gulf oil, could not. But nobody in the United States government seems to be worrying much about that.

[From the New York Times, Jan. 27, 1975]

MERCHANTS OF DEATH

Millions of words have been written in the past three decades about the dangers of nuclear war and rightly so. But the arms that have killed more than ten million human beings since World War II have all been conventional weapons. Most of them have been

obtained through an international arms trade that makes Basil Zaharoff and the other "merchants of death" of an earlier era look like peanut venders.

The United States unfortunately leads the world in arms sales, which the oil billions of the Arab states and the oil-payments deficits of the arms-producing industrial nations are turning into perhaps the world's fastest growing commerce.

The recent contract for $750 million with Saudi Arabia for sixty American F-5 jet fighters and the training of pilots is unique, however. It carries the United States a long way toward becoming a large-scale supplier of both sides in both of the Mideast's main arms races, and between Arabs and Israelis and that between Iran and the Arab states bordering the Persian Gulf.

In the year ended last June, American arms sales abroad more than doubled to $8.5 billion. Almost $7-billion of that was for the volatile Middle East, with Iran alone getting $4 billion on top of $2 billion the year before. Apart from $1.5 billion of arms grants to Israel during and after the October 1973 war, gift arms in recent years have been reduced sharply by Congressional opposition to the arms trade. But cash sales now have soared far above the levels of arms aid the Congress found objectionable.

The irony is that arms gifts were under the control of Congress. Cash arms sales are not as yet. Arms gifts went primarily to allies and were designed to advance foreign policy interests or the security of the United States. The current level of arms sales appears to be unrelated to any coherent policy at all, despite what President Ford said at his press conference. Decisions appear to be made on an ad hoc basis without over-all plan or high-level policy review.

The predominant factor in the booming business seems to be a directive by President Nixon on Dec. 20, 1973, creating an interdepartment committee to spur exports, including arms sales, for balance-of-payments reasons. The rationale evidently was that if the United States did not sell arms, other nations would.

But there obviously are other factors. The armed services have always been interested in foreign purchases that, by increasing the production run, reduce the per-weapon cost for the Pentagon's budget. American arms companies, when unrestrained by Government policy, naturally will sell for profit to any buyer.

When prospective buyers have the kind of cash the oil-producing countries now possess, extraordinary results follow. Perhaps the most extraordinary is the agreement of the Joint Chiefs of Staff to the sale to Iran of some of the nation's most advanced weapons—such as the Navy's new F-14 jet fighter—simultaneously with their introduction into the American armed forces.

The arms trade is no longer simply a hand-me-down business for getting rid of obsolete, second-hand weapons. The Soviet Union has supplied Syria with MIG-23 swing-wing interceptors before providing them to its Communist allies in Europe. France and Britain are seeking foreign orders not only to help oil payments, but to help their defense industries survive. France now exports more than half of its aerospace output.

After the 1967 war, the United States repeatedly sought Soviet agreement to limit arms sales to Israel and its Arab neighbors and Moscow always refused. In the Persian Gulf, it is the United States—through its enormous arms sales to Iran's Shah, who talks openly of reviving the glory of Persia's ancient empire—that has spurred a multination arms race. Soviet arms sales to Iraq helped trigger the Shah's action. Now, even the tiniest of sheikdoms is acquiring jet fighters.

In theory, American influence for peace can be stronger with countries dependent on American—rather than Soviet—arms and a flow of American spare parts and ammunition. But Soviet arms transfers now appear to be running at half or less of the American level, with those of France and Britain still further behind.

Control and limitation of arms transfers to the developing countries—and especially to the tinderbox area of the Middle East—will not be easily achieved. But it will not be achieved at all if the United States abandons moral leadership by becoming the leader in arms sales. In view of the apparent indifference of the Ford Administration to this dirty business, Congressional action to revive an American policy of restraint and leadership by example is an urgent necessity.

[From the Baltimore Sun, Feb. 26, 1975]

SUPER-POWER AS SUPER-PEDDLAR

Congress is gradually awakening to the fact that Uncle Sam's role as arms merchant to the world challenges congressional efforts to get a better grip on foreign policy. While the Congress has been making much of legislation to curb presidential war powers, control foreign aid and limit the use of treaty-like executive agreements, the Nixon and Ford administrations have been making it big in weapons sales. Defense Secretary James R. Schlesinger reported this month that cash sales of arms jumped from $1 billion four years ago to $6.6 billion in the fiscal year ended last June.

If credit sales are added, this figure grows to $8.3 billion, even without adding military aid. It would come as no real surprise should annual sales at today's inflated prices grow quickly to $10 or $12 billion, thus consolidating guns as an export second only to butter, i.e., agricultural products. American weapons are flooding the Middle East and the Persian Gulf, on a per capita basis the world's most densely armed regions.

Arms sales are an extension of foreign policy, and the Executive Branch is thus continuing to involve and commit this country abroad with little oversight from Congress. This mockery of all that Vietnam should have taught us did produce, in the adjournment rush of the 93d Congress, an amendment sponsored by Senator Gaylord Nelson that requires the government to notify Capitol Hill in advance of any weapons deal amounting to more than $25 million. Congress then has 20 days to veto the contract by concurrent resolution.

This kind of information is useful and may someday even bring about a congressional veto, but it is clearly inadequate. Congress should require detailed impact statements from the executive branch on how particular arms deals will affect efforts to limit world armaments and present and future American policy. When the administration sells $3.7 billion worth of arms to one country (Iran) in one year (fiscal 1974) it has various military, economic and geopolitical objectives—most, we suspect, of a tactical nature. These contracts may indeed help redress our trade imbalance with Iran, create defense jobs, maintain the oil-price dialogue and make Iran's formidable armed forces dependent on U.S. resupply. But this dependence also constitutes an American commitment to make parts available—a commitment of potentially troubling consequence whether it is kept or dropped. What, for example, would we do if Iran were to come in conflict with Saudi Arabia, which bought $600 million in U.S. arms last year, or with Israel, which is highly dependent on the U.S. supply line (and Iranian oil)? When Senator Kennedy proposed an unlikely six-month moratorium on arms sales to the Persian Gulf, Mr. Schlesinger had a breathtaking reply: "We are engaged in attempting to maintain influence in these areas, to maintain close relationships, and arms represent a symbol of these kinds of relationships."

Arms may indeed be a symbol of U.S. relations with other nations, but they are a symbol we should lament deeply. While we eschew the proliferation of nuclear weapons, we and our fellow arms peddlars—the Russians, the British, the French, the Swedes—are proliferating a frightening array of sophisticated "conventional weapons" to Third World nations whose military expenditures will soon take up nearly as much of their gross national products as those of developed nations. This arms sale policy, essentially unchecked by Congress, is making the world's danger areas steadily more dangerous. At a time of economic downturn, legislators may be reluctant to put a clamp on arms traffic that provides jobs. But if Congress is to live up to the foreign policy responsibilities it so often proclaims, it will seek to check and balance arms sales as it has foreign aid, executive treaties and presidential war powers.

[From the New York Times, Feb. 26, 1975]

ARMS SUPPLIER

With the emergence of the United States as chief supplier of weapons and military training aid in the Persian Gulf—not to mention the dubious decision to lift the embargo on arms to Pakistan—insistent questions are being raised about American policy toward the entire area in general and toward the booming international arms trade in particular.

In the past year, the United States has sold about $5 billion in arms and training services to Iran and Saudi Arabia, the two major rivals in the Persian Gulf area, and small amounts to Kuwait and Oman. The $4-billion of arms sales to Iran, on top of $2 billion the year before, dwarfs the $1.5 billion of arms grants to Israel during and after the October 1973 war. It has helped to stimulate the new Saudi Arabian military effort, which now finds the United States arming the chief petroleum producer of the oil cartel—against which the Ford Administration has refused to exclude military action in the event of economic "strangulation" of the West.

The Saudi arms sales and military training deals could be considered as putting the United States on both sides of the Arab-Israeli arms race as well as that in the Persian Gulf—perhaps increasing the need for arms aid to Israel to maintain a military balance in the Middle East. Although distant from the Arab-Israeli battlefields of the past, Saudi Arabia has sent symbolic troop units to the area and is a major financier—along with Moscow—of the extensive military efforts of Egypt, Syria and, perhaps indirectly, the Palestinian guerrillas. Other "non-battlefield" Arab countries, such as Libya, have transferred arms purchases to Egypt after pledging not to do so.

Similarly, the decision to allow export of lethal arms to both Pakistan and India—however even-handed it may be juridically—is in fact a stimulus to the arms race in the subcontinent, an exacerbation of Indian-Pakistan relations, a blow to American relations with India and new evidence of the "tilt" toward Pakistan.

The Persian Gulf, however, is the fundamental problem now, since the new large-scale American role as arms merchant has its origin there. What remains unclear is the threat against which Iran is being so heavily armed and why the Shah is being sold some of America's most sophisticated weapons such as the Navy's F-14 jet fighters, simultaneously with its introduction into the American armed forces. This is far from the hand-me-down arms trade the world has known in the past.

Soviet arms sales to Iraq undoubtedly have something to do with the Shah's decision to build up Iran's military forces. But the size of the Iranian effort vastly exceeds that of Iraq and appears primarily to reflect the

grandiose ambitions of the Shah, who has talked openly of reviving the glory of Persia's ancient empire. Is this something Washington can safely ignore?

It can be argued that American refusal to sell weapons would not restrain the Persian Gulf arms race and would merely leave Iran and Saudi Arabia to turn for arms to France, Britain and even—unlikely as this is for conservative monarchies—to the Soviet Union. Arms sales abroad also help the Pentagon to keep important production lines open and to reduce the unit cost of its own purchases.

But does this justify the apparently unrestrained size of the Persian Gulf deals or the substantial involvement of American personnel on the ground, in the training of technicians and combat units? Technical assistance and training contracts with Iran and Saudi Arabia total $676 million, as compared with $51 million with 32 other countries around the world.

In the past, American civilian contractors have been brought in primarily to teach foreigners how to operate and maintain the equipment they sell. But the recent $77-million contract to Vinnell Corporation for training four battalions of the Saudi national guard would introduce American civilians for the first time to train substantial combat units of a foreign nation.

Senator Kennedy has proposed a six-month moratorium on arms sales to Persian Gulf states—including arms already contracted for, unless Congress approves a Presidential policy statement justifying such sales. With or without such legislation, there is urgent need for a fundamental reassessment by Administration and Congress together of the arms and other policies upon which the United States is now embarked in the Persian Gulf area.

EXHIBIT 1

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1975—REPORT, AUGUST 16, 1974

SALES OF MILITARY EQUIPMENT TO FOREIGN GOVERNMENTS

This Committee views with concern the dramatic increase in cash sales of U.S. military equipment to foreign governments. Actual cash sales of $5.9 billion during fiscal year 1974 far exceeded the original DOD estimate of $3.9 billion. Cash sales over the past decade have totaled $19.1 billion—of which $9.5 billion was negotiated during the past two years.

The political and economic impact of foreign military sales on the United States and recipient foreign countries is immeasurable. Of more direct interest to this Committee, however, is the real and potential impact that the sale of military equipment has on the security interests and objectives of this Nation and on defense expenditures.

The recent sale of 80 F-14 fighter aircraft to Iran could considerably reduce combat capability of the U.S. Armed Forces. These aircraft, the most sophisticated fighter aircraft available, will be delivered to Iran prior to the planned U.S. Navy F-14 force being fully equipped.

Of equal concern is the impact on U.S. military forces of supplying foreign nations with military equipment withdrawn from Department of Defense inventories and operational forces and the additive cost of replacing the equipment. These withdrawals may compromise the readiness of U.S. armed forces to meet national security demands. The incremental cost of replacement often requires additional funding. A prime example is the $133 million included in the FY 1974 Defense Supplemental Appropriations Act to provide the additive funds required to replace equipment provided to Israel during the October 1973 Middle East conflict.

The Committee is particularly concerned that long term security interests of the United States might be jeopardized by large cash sales of sophisticated weapons systems in areas of potential conflict. Recent arms sales to the Middle East, Greece, and Turkey have created severe political, military, and economic repercussions on both the United States and the international community. These conflicts weaken détente, threaten super-power confrontation, and have profound economic consequences.

The demonstrated and potential impact of cash weapons sales on DOD appropriated funds as well as on long term U.S. security interests places a special obligation on this Committee to exercise careful oversight of developments in this area. At present, Congress has little meaningful statutory control over cash sales which are the largest category of foreign military sales. Therefore, the Committee will require prior notification of future cash sales of military equipment to foreign governments which exceed $25,000,000; provide for the introduction of new weapon systems to the inventory of foreign armed forces; or when cumulative military cash sales to any foreign government exceed $50,000,000 in any fiscal year.

EXHIBIT 2—FOREIGN MILITARY SALES ORDERS

[Value in thousands of dollars; fiscal years]

	1950-64	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1950-74
Worldwide	5,162,667	1,251,952	1,547,741	999,729	804,809	1,557,597	921,576	1,644,239	3,271,719	3,865,703	8,262,549	29,290,311
Argentina	49,049	1,270	7,233	6,511	14,860	3,975	10,947	14,148	16,556	16,328	8,928	149,805
Australia	272,087	324,963	47,073	118,568	32,769	33,738	61,553	59,890	117,802	27,353	35,074	1,130,870
Austria	35,742	6,219	2,167	2,181	6,041	1,118	1,326	3,791	2,405	2,654	3,056	66,698
Belgium	78,746	6,515	6,310	15,412	2,203	9,754	4,404	2,999	4,728	6,214	9,896	147,181
Bolivia	741	28	132	5	17	3		44	5	42	155	1,172
Brazil	19,277	23,625	223	26,452	4,265	11,413	2,538	21,269	34,089	17,276	58,739	219,166
Burma	1,505	53	91	113	100	46	7	84	273	246	111	2,631
Canada	651,836	42,402	71,192	21,713	18,280	15,875	53,358	28,836	37,521	91,254	93,920	1,126,186
Chile	15,992	2,181	1,058	2,560	4,117	1,699	7,699	2,968	6,185	15,012	68,194	127,665
China (Taiwan)	2,116	1,095	4,996	14,347	46,510	36,917	32,649	64,736	78,430	202,166	88,264	572,226
Colombia	10,181	150	496	98	56	141	158	2,168	5,466	1,293	1,085	21,293
Costa Rica	902		(1)						34			935
Cuba	4,510											4,510
Denmark	31,075	8,206	7,338	9,098	9,126	10,378	6,933	15,996	14,512	11,714	20,863	145,240
Dominican Republic	1,494	115	266	1	(1)			31	16	78	32	2,034
Ecuador	2,653		119	114	1,410	14	20	315	4			4,650
Egypt	356	2	(1)									358
El Salvador	877	18	35	15	514	6		11	(1)	70	399	1,945
Ethiopia	663	(1)	30	12	4	7	6		10		469	1,201
Finland		(1)	1	1	1	(1)		1	63		12	79
France	281,191	11,192	8,912	6,448	7,281	6,264	3,429	5,994	7,552	8,693	21,092	368,048
Germany	2,263,781	309,498	166,872	190,167	149,533	592,368	242,404	179,409	942,076	218,770	218,612	5,473,492
Ghana		1	(1)			2	61	(1)			187	251
Greece	1,297	470	471	7,958	15,334	11,210	29,187	24,785	181,926	57,087	434,926	764,845
Guatemala	980	444	546	101	317	153	464	8,126	2,344	3,709	989	18,174
Haiti	224										288	512
Honduras	1,010	13	4	6	59				27	5,468	702	7,288
Iceland	14							(1)	436	47		498
India	52,278	1,874	389	1,988	1,574	163	2,094	856	1,515	(1)	215	62,947
Indochina	8,542											8,542
Indonesia	622		1	1	24		(1)	18	(1)	148	148	963
Iran	1,285	68,857	124,158	147,953	69,365	235,879	113,284	396,613	528,022	2,108,787	3,794,369	7,588,574
Iraq	1,919	10,783	87	361		(1)						13,152
Ireland	(1)				(1)	1	(1)	11	248	197	17	475
Israel	7,121	59,998	72,134	9,294	75,196	312,944	44,790	379,961	399,712	197,114	[2] 2,117,623	3,675,887
Italy	193,483	41,554	37,668	20,721	101,364	37,547	37,249	24,926	81,064	91,421	45,051	712,048
Jamaica	(1)	1	1	3	3	(1)	8	9	3	7	43	77
Japan	119,164	16,744	16,734	10,146	20,276	51,899	21,533	11,286	47,057	52,055	57,725	424,617
Jordan	2,263	39,653	1,627	28,282	33,214	13,419	29,367	26,419	19,547	9,213	50,916	253,894
Kenya						(1)						(1)
Korea	286			9	1,504	3,368		480	9,081	1,297	81,424	97,449
Kuwait		(1)							(1)	53	18,154	18,207
Lebanon	331	1	67	2,235	48	55	1,575	187	299	5,137	9,700	19,635
Liberia	1,146	77								1,368	648	3,240
Libya	687	52	541	15,524	2,389	1,674	5,447	632	2,873	174	19	30,012
Luxembourg	816	466	457	88	1	113	101	93	24	627	21	2,806
Malaysia	30	17	563	509	1,608	1,323	1,837	272	40,124	1,432	1,248	48,963
Mali							5	5	48	48		137
Mexico	9,893	573	101	802	96	399	12	437	175	894	411	13,792
Morocco	60		6,040	697	9,671	7,931	2,437	2,310	7,833	2,651	8,302	47,932
Nepal								11		80	1	92
Netherlands	45,498	15,681	24,193	25,057	6,426	4,864	7,608	7,837	29,380	35,460	17,600	219,606
New Zealand	15,457	22,213	5,214	9,454	11,991	30,066	5,442	7,594	4,159	3,105	4,852	119,548
Nicaragua	2,016	26	5	87	103	2	93	674	92	134	133	3,365
Niger											8	8
Nigeria	335		5	10		2			2,409	687	4,476	7,924

EXHIBIT 2—FOREIGN MILITARY SALES ORDERS—Continued

	1950-64	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1950-74
Norway	12,699	21,252	12,913	38,355	56,873	24,117	9,746	25,827	21,959	14,285	50,311	288,339
Pakistan	33,331	1,319	1,147	5,571	14,968	22,462	4,592	22,532	449	22,079	7,895	136,345
Panama	13					3	14	9	6	1,618	1,887	3,550
Paraguay	342	34			1		(1)			27	12	417
Peru	21,374	3,715	2,664	3,338	1,221	981	2,195	1,526	900	24,590	43,620	106,123
Philippines	4,249	260	137	439	237	454	843	1,107	468	708	5,047	13,947
Portugal	5,223	425	115	497	774	500	1,067	1,156	3,234	564	2,513	16,068
Saudi Arabia	87,026	8,443	8,652	48,482	4,645	4,220	14,854	95,815	342,295	83,984	587,698	1,286,113
Senegal									6			
Singapore				1	841	196	2,476	1,988	5,908	7,601	12,078	631,089
South Africa	3,082	(1)	56	1	1	4	1	1	2	1		3,149
Spain	5,003	28,813	22,636	122,942	8,707	14,072	25,940	110,687	24,819	57,020	147,796	568,435
Sri Lanka	3	(1)	(1)			1			(1)			4
Sweden	27,585	880	449	723	8,010	108	265	883	1,548	1,879	6,988	49,319
Switzerland	46,980	492	1,344	602	24,950	19,576	4,435	515	11,808	3,259	8,394	122,355
Syria				1								1
Thailand	1,219	12	1	10	10	3,829	21,150	48	16,978	1,920	19,931	65,108
Trinidad/Tobago							85					85
Tunisia	2,874	11								2,169	737	5,791
Turkey	422	129	804	922	139	2,096	2,524	1,154	5,452	212,435	17,143	243,219
United Kingdom	492,575	154,707	849,573	48,755	16,260	17,512	63,205	46,825	125,778	110,997	45,079	1,971,267
Uruguay	2,305		56	300	0	26	241	1,982	1,684	1,612	1,156	9,390
Venezuela	70,641	10,529	11,687	9,769	1,138	1,173	777	1,677	42,761	24,662	4,377	179,192
Vietnam	5					2			2	1,155	4	1,167
Yemen											2,634	2,634
Yugoslavia	10,547	2	185	323	214	212	41	12	106	717	4	12,363
Zaire			1,142	166	226	(1)	54	16,928	286	715	1,339	20,856
International organizations	143,679	3,660	18,630	23,426	17,915	9,235	37,045	17,365	39,150	94,191	16,839	421,139

[1] Less than $500.
[2] Includes $1,500,000,000 for which payment was waived pursuant to the fiscal year 1974 emergency security assistance legislation.

Note: Totals may not add due to rounding.

By Mr. THURMOND:

S. 855. A bill relating to the age and service requirements for the resignation and retirement of justices and judges of the United States. Referred to the Committee on the Judiciary.

Mr. THURMOND. Mr. President, the workload of Federal judges at all levels has increased to the extent that it is becoming increasingly difficult for a person of the age of many of them to keep up with their workloads. In Government and private industry, individuals with a number of years' service are permitted to retire earlier than at age 65.

Under current law, any judge of the United States who resigns after attaining the age of 70 years and after serving at least 10 years continuously will receive as retirement the salary which he was receiving when he resigned. Any judge of the United States may retire from regular active service after 10 years' service at age 70, and after at least 15 years' service at age 65. He will receive as retirement the salary of his office, which means that one who transfers to the senior status and continues to perform judicial duties will continue to draw the salary of active Federal judges.

Many districts who have such senior judges are receiving invaluable assistance since the President, with the advice and consent of the Senate, appoints a successor to a judge who transfers to senior status.

It is the considered opinion of many judges that the present retirement act should be amended so as to permit a judge to retire or resign at an earlier age. My bill would give a judge the option to retire or resign at age 62 after at least 18 years service, and then graduate the retirement age upward so that a judge could retire or resign at age 63 after 17 years service, at age 64 after 16 years service, at age 65 after 15 years service—as provided for retirement only in the present act, at age 66 after 14 years service, at age 67 after 13 years service, at age 68 after 12 years service, at age 69 after 11 years service, and at age 70 after 10 years service—as provided in the present act.

This would serve several purposes. It would allow a judge who had given the most productive years of his life in the service to his country to retire at an age early enough that his health and interests would permit him to enjoy his remaining years without the full burden of responsibility that an active judge now has. It also would provide for additional judge-power since another active judge is appointed to take the place of the senior judge who still performs judicial duties. Finally, it would help to remove some judges before they reach the stage where they are physically or mentally unable to perform the duties of their offices.

Mr. President, I am sending to the desk this legislation to accomplish an opportunity for accelerated retirement. I ask unanimous consent that it be printed in the RECORD and referred to the appropriate committee for consideration.

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

S. 855

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 371 of title 28, United States Code, is amended to read as follows:

"§ 371. Resignation or retirement for age

"(a) Any justice or judge of the United States appointed to hold office during good behavior who resigns after attaining the age and meeting the service requirements, whether continuous or otherwise, of subsection (c) of this section shall, during the remainder of his lifetime, continue to receive the salary which he was receiving when he resigned.

"(b) Any justice or judge of the United States appointed to hold office during good behavior may retain his office but retire from regular active service after attaining the age and meeting the service requirements, whether continuous or otherwise, of subsection (c) of this section. He shall, during the remainder of his lifetime, continue to receive the salary of the office. The President shall appoint, by and with the advice and consent of the Senate, a successor to a justice or judge who retires.

"(c) The age and service requirements for resignation or retirement of a justice or judge of the United States under this section are as follows:

"Attained Age	Years Service
62	18
63	17
64	16
65	15
66	14
67	13
68	12
69	11
70	10".

SEC. 2. The amendments made by the first section of this Act shall apply with respect to any justice or judge of the United States who retires on or after the date of enactment of this Act.

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

S. 856. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the eastern New Mexico water supply project, New Mexico, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. DOMENICI. Mr. President, today I am introducing a bill to authorize the Secretary of the Interior to construct, operate, and maintain the eastern New Mexico water supply project. I am pleased to be joined by my distinguished colleague Mr. MONTOYA.

This project is a single-purpose proposal which would provide a supplemental municipal and industrial water supply for several eastern New Mexico cities including but not limited to Clovis, Eunice, Hobbs, Jal, Lovington, Portales, San Jon, Tatum, and Texico. Water for the project would come from the existing Ute Dam and Reservoir on the Canadian River. The main features of the project will consist of an aqueduct system and pumping plants to deliver the water from Ute Reservoir to the project cities.

The eastern New Mexico water supply project is necessary because irrigation is increasing in Roosevelt County and considerable agricultural expansion is still taking place in the Clovis and Tatum-Lovington-Hobbs area.

Most all of the municipal and industrial water supply for the project cities is obtained by pumping from ground water. Because of the development of

ground water supplies for irrigation in the area and the attendant decline of the ground water level, it appears that there is little ground water available to meet additional requirements.

There are no perennial streams on the southern high plains. Ground water contained in the Ogallala formation, which underlies the Southern high plains, is the major source of usable water for the project cities. Ground water in much of the project area has already been appropriated for municipal, industrial, and irrigation use.

The current heavy pumping of ground water from the Ogallala formation presents a condition which may require a reduction of irrigation usage to provide for projected municipal and industrial requirements and which will ultimately exhaust the supply for all uses.

Surface water controlled in Ute Reservoir will provide a dependable water supply to supplement the project cities' water supply.

The Bureau of Reclamation has submitted its feasibility report on this proposed project to the Secretary of the Interior. The Commissioner of Reclamation, G. G. Stamm, in his letter submitting the report to the Secretary of the Interior, states:

> The construction of the Eastern New Mexico Water Supply project represents a desirable water resource that will alleviate future water shortages.

Mr. President, the Ute Dam and Reservoir was constructed by the New Mexico Interstate Stream Commission to provide control for some of New Mexico's unused Canadian River water. In order to develop the eastern New Mexico water supply project, it will be necessary to install spillway gates on the Ute Dam. The gating of the spillway and the marketing of the reservoir yield are the responsibilities of the Interstate Stream Commission.

In this regard, on October 18, 1974, the Interstate Stream Commission recommended that the New Mexico State Legislature enact legislation authorizing funding of the installation of the spillway gates on Ute Dam, the expenditure of funds to be contingent upon execution of the water supply contracts for 40,000 acre-feet annually. The Commission has authorized negotiations of a water supply contract with the Eastern New Mexico Inter-Community Water Supply Association.

In addition, the New Mexico Legislature is now acting on legislation authorizing funding for the installation of spillway gates on Ute Dam.

Mr. President, I think it is important to point out that the project costs, allocated to municipal and industrial water supply, shall be repayable to the United States in not more than 50 years under the provisions of either the Federal reclamation laws or the Water Supply Act of 1958. Repayment of project costs shall include interest on the unamortized balance.

It is my hope that the Congress will act in an expeditious manner on this important legislation.

Mr. President, I ask unanimous consent that the pertinent part of a letter which I received from Lloyd A. Calhoun, an attorney in New Mexico, be included in the RECORD. I would also ask that the bill be printed in the RECORD.

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

S. 856

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to construct, operate, and maintain the eastern New Mexico water supply project in accordance with the Federal reclamation laws (Act of June 17, 1902; 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) and the provisions of this Act and the plan set out in the report of the Secretary on this project with such modification of, omissions from, or additions to the works, as the Secretary may find proper and necessary for the purposes of delivering water for municipal and industrial use for several eastern New Mexico cities, including but not limited to Clovis, Eunice, Hobbs, Jal, Lovington, Portales, San Jon, Tatum, and Texico. The principal features of the project shall consist of an aqueduct system and pumping plants to deliver water from existing Ute Reservoir to the project cities.

SEC. 2. (a) Project costs, allocated to municipal and industrial water supply, shall be repayable to the United States in not more than fifty years under either the provisions of the Federal reclamation laws or under the provisions of the Water Supply Act of 1958 (title III of Public Law 85-500, 72 Stat. 319 and Acts amendatory thereof or supplementary thereto): *Provided,* That, in either case, (1) no payment need be made with respect to project capacity for future water supply until such supply is first used, and (2) no interest shall be charged on such cost until such supply is first used, but in no case shall the interest-free period exceed ten years.

(b) The interest rate used for computing interest during construction and interest on the unpaid balance of the costs of the project shall be determined by the Secretary of the Treasury, as of the beginning of the fiscal year in which construction of the project is commenced, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations which are neither due nor callable for redemption for fifteen years from date of issue.

(c) The Secretary is hereby authorized to contract with the State of New Mexico for the retention of water in Ute Reservoir for the conservation and development of fish and wildlife resources and the enhancement of recreation opportunities; provided that payment to the State under this contract shall not exceed $3,000,000 or one-half of the cost of installing spillway gates on Ute Dam, whichever is the lesser.

SEC. 3. (a) The Secretary is authorized to enter into a contract with a qualified entity or entities, for delivery of water and for repayment of all the reimbursable construction costs.

(b) Construction of the project shall not be commenced until a suitable contract has been executed by the Secretary with a qualified entity or entities.

(c) Such contract may be entered into without regard to the last sentence of section 9, subsection (c), of the Reclamation Project Act of 1939.

(d) Upon execution of the contract referred to in section 3(a) above, and upon completion of construction of the project, the Secretary shall transfer to a qualified contracting entity or entities the care, operation, and maintenance of the project works.

(e) Upon complete payment of the obligation assumed, including appropriate interest charges, the contracting entity or entities, their designee or designees, shall have a permanent right to use the aqueduct and related facilities of the Eastern New Mexico Water Supply Project in accordance with said contract.

SEC. 4. There is hereby authorized to be appropriated for construction of the Eastern New Mexico Water Supply reclamation project the sum of $91,265,000 (July 1974 prices), plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to the type of construction involved herein. There are also authorized to be appropriated such additional sums as may be required for the operation and maintenance of the project.

HOBBS, N. MEX.,
February 20, 1975.

Hon. PETE V. DOMENICI,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOMENICI: This is to express my personal appreciation for your continuing interest in the Ute reservoir project and to keep you apprised of developments within the Eastern New Mexico Inter-Community Water Supply Association.

Following our meeting with you in Portales on August 29, a hearing on the Department of the Interior Draft Environmental Statement (Int. DES 74-78) was conducted by Mr. Tom Garrity, Solicitor for the Department of the Interior. All except one of the members of the Association were in attendance and testified at this hearing which was held in the ENMU campus Union Building in Portales on October 8, 1974. Testimony was strongly in favor of the project. A copy of the transcript of this hearing is enclosed for your files. Also enclosed is a copy of comments by Steve Reynolds, Secretary of the New Mexico Interstate Stream Commission.

You no doubt are advised currently on the status of the bill now in the New Mexico legislature seeking authorization of funding to construct gates upon the spillway of Ute dam to make some 44,000 acre-feet of water per year available for sale. It would be some 40,280 acre-feet per year of this volume of water which our members seek to acquire.

The measure was passed by the House 56 to 6. Tuesday afternoon, February 18, the Conservation Committee of the Senate passed the bill unanimously, and it next goes to the Senate Finance Committee for consideration. A copy of original Senate Bill No. 26 is enclosed. Both it and House Bill No. 27, as passed, were amended by substituting $7.5 million for the $6.3 million appearing in the enclosed copy.

In recent weeks, I have met with representatives of each of the member cities in reviewing the project and making certain that all are familiar with the project developments and that each continues to recognize the need for the project and is prepared to commit when the time will require their doing so.

There is no doubt whatever that implementation of the project is absolutely essential to the survival of the area in which the nine communities are situated. A dependable and supplemental source of water simply has to be acquired and we well know that the Ute reservoir is our only sure hope. While there is a strong difference of opinion in certain areas of New Mexico, it would be highly detrimental to all areas of the state for this area to be deprived of its potential to develop by reason of an inadequate water supply.

Your continued interest in behalf of our membership is most earnestly solicited, and I invite you to call on me personally for whatever support I may be able to provide.

Respectfully yours,

LLOYD A. CALHOUN.

By Mr. PHILIP A. HART (for himself and Mr. RIBICOFF):

S. 857. A bill to provide for the independence of certain regulatory agencies of the Federal Government, and to increase the accountability to the public of such agencies. Referred to the Committee on Government Operations.

Mr. PHILIP A. HART. Mr. President, I am introducing today legislation to increase the independence and public accountability of the independent regulatory agencies. The Independent Regulatory Agency Reform Act seeks to achieve these purposes by the following measures:

First, to reduce executive influence over the agencies, I propose that agencies be required to submit budget estimates and legislative recommendations directly to Congress without clearance by the Office of Management and Budget or any other executive agency; that the agencies be given authority to decide whether its own lawyers or the Attorney General will represent the agency in civil litigation; that the President's power to remove commissioners be restricted to a finding of neglect of duty or malfeasance in office; and that Presidential appointments of chairmen of the commissions be made subject to the advice and consent of the Senate.

Second, to increase the independence and competence of agency personnel, I propose that a majority of commissioners on any agency be persons with no previous employment or substantial financial connection with any regulated industry; and that the conflict of interest rules for post-agency employment be strengthened by prohibiting commissioners from representing any person before the commission in a professional capacity and from accepting employment or compensation from any industry regulated by his commission for a period of 24 months following termination of his services as commissioner.

Third, to increase congressional oversight of the independent regulatory agencies, I propose that the reporting requirements of agencies to Congress be increased; that information requests by committees performing oversight functions be answered in 10 days; and that the access of such committees to agency data be increased.

Fourth, to increase public participation in agency proceedings, I propose that, upon a showing of need, the agencies will pay attorneys fees and other costs of participation by citizens in agency proceedings; and that the agencies be required to disclose congressional ex parte communications before the effective date of any proposed rule.

These reform measures would apply, when appropriate, to the following agencies: The Civil Aeronautics Board; the Consumer Product Safety Commission; the Federal Communications Commission; the Federal Maritime Commission; the Federal Power Commission; the Interstate Commerce Commission; the Nuclear Regulatory Agency Commission; and the Securities and Exchange Commission.

The alphabet agencies of the Federal Government—the independent regulatory commissions—have enjoyed an unaccustomed notoriety in recent months. Long neglected by everyone—the President, the Congress, and the public—except the special interests they are supposed to regulate, the agencies have suddenly become a focus of national attention.

Economists struggling to master inflation increasingly criticize the anticompetitive practices fostered by economic regulation of some of these agencies; private industry has become more vocal about the burdens of regulation on business activity; and consumers attack the agencies for regulating too little and too late and with an industry bias to boot. It is clearly time to reexamine the jurisdiction and performance of the agencies.

Both the Commerce Committee and the Government Operations Committee in the Senate will conduct a study of the cost and benefits of the impact of regulation on the Nation's economy, a study which I support. Proposals for selective deregulation or expansion of regulation will be before the Congress in 1975–76. While these studies of the substantive jurisdiction and impact of the agencies are clearly important, we should move ahead with reforms of agency procedure and structure which are timely now. Such reforms are necessary for efficient and objective regulation in the public interest, whatever Congress decides the scope of the regulation should be.

The bill which I am introducing today attempts to restore the charter of independence with which the regulatory agencies were originally vested by Congress. Independent regulatory agencies were created to be triply independent: of the executive branch, of industry domination, and of political pressures. Independence is an elusive goal, for however we change the structure of the agencies, these pressures will exist; all we can try to do is maintain a healthy balance among them. In recent years, the balance in these agencies, which were originally established as arms of Congress, has shifted significantly toward the executive branch.

The reform measures in this bill attempt to restore an equilibrium, by increasing congressional oversight of and consumer participation in agency activities. It is my hope that this legislation will provoke debate on the proper relationship of the regulatory agencies to Congress and the executive.

I make no claim for the originality of these reforms. Most have been the subject of hearings in the House and Senate over the last 5 years. Some have been enacted into law for specific agencies. It is for this reason that the Senate can move responsibly to consider these reforms without years of further study. I particularly hope that these reforms, if enacted, will increase the scope and intensity of congressional oversight of these commissions whose impact on the daily life of the public has reached extraordinary proportions.

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

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

S. 857

Be it enacted by the Senate and House of Repersentatives of the United States of America in Congress assembled, That this Act may be cited as the "Independent Regulatory Agency Reform Act of 1975".

SUBMISSION OF BUDGET ESTIMATES DIRECTLY TO CONGRESS

SEC. 2. (a) Section 206 of the Budget and Accounting Act, 1921 (31 U.S.C. 15), is amended—

(1) by striking out "No" and inserting in lieu thereof the following: "(a) Except as provided in subsection (b) of this section, no"; and

(2) by adding at the end thereof the following new subsection:

"(b) Each of the following agencies shall transmit its estimates and requests for regular, supplemental, and deficiency appropriations directly to the Senate and House of Representatives simultaneously with any transmittal of such estimates and requests to any other agency of the Government: the Civil Aeronautics Board, the Federal Communications Commission, the Nuclear Regulatory Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Securities and Exchange Commission, and the Federal Maritime Commission. Such estimates and requests shall reflect the judgment of that agency. Estimates and requests transmitted pursuant to this section shall be in addition to, and not in lieu of, estimates, requests, and proposals transmitted pursuant to any other provision of this title.".

(b) The last sentence of section 207 of such Act (31 U.S.C. 16) is amended by inserting after "shall have authority" a comma and the following: "except as otherwise provided in section 206(b),".

(c) The amedments made by this section shall apply with respect to budgets and requests for fiscal year 1976 and thereafter.

DIRECT SUBMISSION OF LEGISLATIVE RECOMMENDATIONS

SEC. 3. Any communication respecting legislation, made by the Civil Aeronautics Board, the Federal Communications Commission, the Nuclear Regulatory Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Securities and Exchange Commission, and the Federal Maritime Commission, shall be submitted by that agency directly to the Congress.

CLEARANCE TO OBTAIN INFORMATION NOT REQUIRED

SEC. 4. (a) Chapter 35 of title 44, United States Code, is amended—

(1) by inserting in the first paragraph of section 3502, immediately after "General Accounting Office", a comma and the following: "the Civil Aeronautics Board, the Federal Communications Commission, the Nuclear Regulatory Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Securities and Exchange Commission, the Federal Maritime Commission, and the Consumer Products Safety Commission,"; and

(2) by adding at the end thereof the following new section:

"§ 3512. Exemption of regulatory agencies

"Any determination to collect information, any plan or form to be used in the collection of information, and the collection of

information, by the Civil Aeronautics Board, the Federal Communications Commission, the Nuclear Regulatory Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Securities and Exchange Commission, the Federal Maritime Commission, and the Consumer Product Safety Commission shall not be submitted to, or subject to the approval of, the Office of Management and Budget or any other authority.".

(b) The analysis of such chapter 35, immediately preceding section 3502, is amended by adding at the end thereof the following new item:

"3512. Exemption of regulatory agencies.".

CONTROL OF LITIGATION

SEC. 5. (a)(1) Section 201 of the Federal Aviation Act of 1958 (49 U.S.C. 1321) is amended by adding at the end thereof the following new subsection:

"(d)(1) Notwithstanding any other provision of law whenever, in any civil proceeding arising under this Act, the Board is authorized or required to appear in a court of the United States, or to be represented therein by the Attorney General of the United States, the Board may elect to appear in its own name by any of its attorneys designated by it for such purpose.

"(2) Upon the request of the Board the Solicitor General shall represent the Board in any civil action to which the Board is a party before the Supreme Court.".

(2) Section 1008 of such Act (49 U.S.C. 1488) is amended by striking out "Board or the Administrator, as the case may be," and inserting in lieu thereof "the Administrator".

(b) Section 4 of the Communications Act of 1934 (47 U.S.C. 154) is amended by adding at the end thereof the following new subsection:

"(p)(1) Notwithstanding any other provision of law whenever, in any civil proceeding arising under this Act, the Commission is authorized or required to appear in a court of the United States, or to be represented therein by the Attorney General of the United States, the Commission may elect to appear in its own name by any of its attorneys designated by it for such purpose.

"(2) Upon the request of the Commission the Solicitor General shall represent the Commission before the Supreme Court in any civil action to which the Commission is a party.".

(c) Section 201 of the Energy Reorganization Act of 1974 (P.L. 93-438) is amended by adding at the end thereof the following new subsection:

"(g)(1) Notwithstanding any other provision of law whenever, in any civil proceeding involving this Act, the Commission is authorized or required to appear in a court of the United States, or to be represented therein by the Attorney General of the United States, the Commission may elect to appear in its own name by any of its attorneys designated by it for such purpose.

"(2) Upon the request of the Commission the Solicitor General shall represent the Commission before the Supreme Court in any civil action to which the Commission is a party.".

(d) Section 21 (e) of the Securities and Exchange Act of 1934 (15 U.S.C. 78u (e)) is amended to read as follows:

"(e)(1) Notwithstanding any other provision of law whenever, in any civil proceeding arising under this Act, the Commission is authorized or required to appear in a court of the United States, or to be represented therein by the Attorney General of the United States, the Commission may elect to appear in its own name by any of its attorneys designated by it for such purpose.

"(2) Upon the request of the Commission the Solicitor General shall represent the Commission before the Supreme Court in any civil action to which the Commission is a party.".

(e)(1) Section 17 of the Interstate Commerce Act (49 U.S.C. 17) is amended by adding at the end thereof the following new paragraph:

"(13)(A) Notwithstanding any other provision of law whenever in any civil proceeding arising under this Act, the Commission is authorized or required to appear in a court of the United States, or to be represented therein by the Attorney General of the United States, the Commission may elect to appear in its own name by any of its attorneys designated by it for such purpose.

"(B) Upon the request of the Commission the Solicitor General shall represent the Commission before the Supreme Court in any civil action to which the Commission is a party.".

(2) Section 2323 of title 28, United States Code, is amended by striking out the first and fourth paragraph; by striking out "The Interstate Commerce Commission and any" in the second paragraph and inserting in lieu thereof "Any"; and by inserting "Interstate Commerce" before "Commission, in which" in such second paragraph.

(f) Section 310 of the Federal Power Act (16 U.S.C. 825i) is amended—

(1) by inserting "; LITIGATION" immediately after "EMPLOYEES" in the section heading;

(2) by inserting "(a)" immediately after "SEC. 310."; and

(3) by adding at the end thereof the following new subsection:

"(b)(1) Notwithstanding any other provision of law whenever, in any civil proceeding arising under this Act, the Commission is authorized or required to appear in a court of the United States, or to be represented therein by the Attorney General of the United States, the Commission may elect to appear in its own name by any of its attorneys designated by it for such purpose.

"(2) Upon the request of the Commisison the Solicitor General shall represent the Commission before the Supreme Court in any civil action to which the Commission is a party.".

(g) Section 102 of Reorganization Plan Numbered 7 of 1961 (75 Stat. 840) is amended by adding at the end thereof the following:

(e)(1) Notwithstanding any provision of law whenever, in any civil proceeding, the Commission is authorized or required to appear in a court of the United States, or to be represented therein by the Attorney General of the United States, the Commission may elect to appear in its own name by any of its attorneys designated by it for such purpose.

"(2) Upon the request of the Commission the Solicitor General shall represent the Commission before the Supreme Court in any civil action to which the Commission is a party.

(h)(1) The second sentence of section 22(a) of the Consumer Product Safety Act (86 Stat. 1207; P.L. 92-573) is amended by striking out "by the Commission (with the concurrence of the Attorney General)" and inserting in lieu thereof "in accordance with section 27(b)(7) of this Act".

(2) Section 27(b)(7) of such Act is amended to read as follows:

"(7) notwithstanding any other provision of law, to appear in a court of the United States, or to be represented therein by the Attorney General of the United States, whenever in any civil proceeding arising under section 19 of this Act the Commission is authorized or required to appear in a court of the United States and the Commission elects to appear in its own name by any of its attorneys designated by it for such purpose. Upon the request of the Commission the Solicitor General shall represent the Commission before the Supreme Court in any civil action to which the Commission is a party."

(j) Section 2348 of title 28, United States Code, is amended—

(1) by inserting ", other than proceedings to review orders of the Federal Communications Commission or the Nuclear Regulatory Commission" before the period at the end of the first sentence; and

(2) by inserting "(other than such Commissions)" after "The agency" where it first appears in the second sentence.

(k) Subsection (c) of this section and the amendments made by this section shall not apply to any civil action commenced before the date of enactment of this Act, but, in any civil action commenced before such date in which the Board or any commission referred to in such amendments or such subsection has an interest, attorneys for that Board or such Commission (as the case may be) may, by leave of the court, appear as the friend of the court.

APPOINTMENT AND TENURE OF AGENCY CHAIRMAN, VICE CHAIRMAN, AND OTHER MEMBERS

SEC. 6. (a)(1) Section 201(a)(2) of the Federal Aviation Act of 1958 (49 U.S.C. 1321 (a)(2)) is amended—

(A) by inserting immediately before the period at the end of the first sentence the following: "and for no other cause";

(B) by striking out "inefficiency, neglect of duty," and inserting in lieu thereof "neglect of duty," and

(C) by striking out "designate annually" in the last sentence and inserting in lieu thereof "appoint, by and with the advice and consent of the Senate,"; and by adding at the end thereof the following: "Any member appointed as Chairman or Vice Chairman shall serve as such until the expiration of his term as a member of the Board (except that he may continue to serve as Chairman or Vice Chairman, as the case may be, for so long as he remains a member and his succesor as Chairman or Vice Chairman has not taken office). An individual may be appointed Chairman or Vice Chairman.".

(2) Section 201 (a) of such Act is further amended by adding at the end thereof the following new paragraph:

"(3) A member of the Board shall not for a period of 24 months following the termination of his services as a Board Member represent any person before the Board in a professional capacity or accept employment or compensation from any industry subject to this Act."

(3) Section 201 (b) of such Act is amended by adding immediately after the first sentence the following new sentence: "A majority of the members of the Board, including the Chairman, shall be appointed from among persons who, in addition to any other qualifications imposed by this Act, have not been employed by, or received (directly or indirectly) substantial profits, fees or wages from, or represented in a professional capacity an industry regulated by the Board.".

(b)(1) Section 4(a) of the Communications Act of 1934 (47 U.S.C. 154(a)) is amended by striking out "the President shall designate as Chairman." and inserting in lieu thereof the following: "shall be appointed Chairman by the President, by and with the advice and consent of the Senate. Any member appointed as Chairman shall serve as such until the expiration of his term as a member of the Commission (except

that he may continue to serve as Chairman for so long as he remains a member and his successor as Chairman has not taken office). An individual may be appointed as a member at the same time he is appointed Chairman. The members of the Commission may be removed by the President for neglect of duty, or malfeasance in office but for no other cause.".

(2) Section 4(b) of such Act is amended—

(A) by striking out the penultimate sentence and inserting in lieu thereof the following new sentence: "A member of the Commission shall not for a period of 24 months following the termination of his services as a Commissioner represent any person before the Commission in a professional capacity or accept employment or compensation from any industry subject to this Act."; and

(B) by adding at the end thereof the following new sentence: "A majority of the members of the Commission, including the Chairman, shall be appointed from among persons who, in addition to any other qualifications imposed by this Act, have not been employed by, or received (directly or indirectly) substantial profits, fees or wages from, or represented in a professional capacity in industry regulated by the Commission.".

(3) The first sentence of section 5(a) of such Act is amended by striking out "designated" and inserting in lieu thereof "appointed".

(c) Section 201(b) of the Energy Reorganization Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(3) A majority of the members of the Commission, including the Chairman, shall be appointed from among persons who, in addition to other qualifications imposed by this Act, have not been employed by, or received (directly or indirectly) substantial profits, fees, or wages from, or represented in a professional capacity, an industry regulated by the Commission.

"(4) A member of the Commission shall not for a period of 24 months following the termination of his services as a Commissioner represent any person before the Commission in a professional capacity or accept employment or compensation from any industry subject to this Act."

(d) (1) The first sentence of the first section of the Federal Power Act (16 U.S.C. 792) is amended by striking out all that follows "consent of the Senate," and inserting in lieu thereof "one of whom shall be appointed as Chairman by the President, by and with the advice and consent of the Senate. The Commissioner so appointed shall be the principal executive officer of the Commission and shall serve as Chairman until the expiration of his term as a Commissioner of the Commission (except that he may continue to serve as Chairman for so long as he remains a Commissioner and his successor as Chairman has not taken office). An individual may be appointed as a Commissioner at the same time he is appointed Chairman. Any member of the Commission may be removed by the President for neglect of duty or malfeasance but for no other cause.".

(2) Section 3 of Reorganization Plan Numbered 9 of 1950 (64 Stat. 1265) is no longer effective.

(3) The second paragraph of the first section of such Act is amended by adding at the end thereof the following: "A member of the Commission shall not for a period of 24 months following the termination of his services as a Commissioner represent any person before the Commission in a professional capacity or accept employment or compensation from any industry subject to this Act. A majority of the members of the Commission, including the Chairman, shall be appointed from among persons who, in addition to any other qualifications imposed by this Act, have not been employed by, or received (directly or indirectly) substantial profits, fees or wages from, or represented in a professional capacity an industry regulated by the Commission.".

(e) (1) The fourth sentence of the first section of the Federal Trade Commission Act (15 U.S.C. 41) is amended to read as follows: "The President shall appoint a Chairman from the Commission's membership, by and with the advice and consent of the Senate; and the Commissioner so appointed shall serve as Chairman until the expiration of his term as Commissioner (except that he may continue to serve as Chairman for so long as he remains a Commissioner and his successor as Chairman has not taken office). An individual may be appointed as a Commissioner at the same time he is appointed as Chairman.".

(2) Section 3 of Reorganization Plan Numbered 8 of 1950 (64 Stat. 1264) is no longer effective.

(3) The sixth sentence of the first section of such Act is amended by striking "inefficiency" and inserting immediately before the period at the end thereof the following: "but for no other cause".

(4) The first section of such Act is further amended by adding at the end thereof the following new paragraph: "A member of the Commission shall not for a period of 24 months following the termination of his services as a Commissioner represent any person before the Commission in a professional capacity or accept employment or compensation from any industry subject to this Act. A majority of the members of the Commission, including the Chairman, shall be appointed from among persons who, in addition to any other qualifications imposed by this Act, have not been employed by, or received (directly or indirectly) substantial profits, fees or wages from, or represented in a professional capacity an industry regulated by the Commission.".

(f) (1) Section 4(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end thereof the following: "The President shall appoint a Chairman from the Commission's membership, by and with the advice and consent of the Senate; and the Commissioner so appointed shall serve as Chairman until the expiration of his term as Commissioner (except that he may continue to serve as Chairman for so long as he remains a Commissioner and successor as Chairman has not taken office). An individual may be appointed as Commissioner at the same time he is appointed as Chairman. The members of the Commission may be removed by the President for neglect of duty, malfeasance in office but for no other cause. A member of the Commission shall not for a period of 24 months following the termination of his services as a Commissioner represent any person before the Commission in a professional capacity or accept empolyment or compensation from any industry subject to this Act. A majority of the members of the Commission, including the Chairman, shall be appointed from among persons who, in addition to any other qualifications imposed by this Act, have not been employed by, or received (directly or indirectly) substantial profits, fees or wages from, or represented in a professional capacity an industry regulated by the Commission.".

(2) Section 3 of Reorganization Plan Numbered 10 of 1950 (64 Stat. 1205) is no longer effective.

(g) (1) Section 11 of the Interstate Commerce Act (49 U.S.C. 11) is amended to read as follows:

(A) by inserting immediately before the period at the end of the fourth sentence the following: "but for no other cause";

(B) by striking "inefficiency" from the fourth sentence; and

(C) by adding at the end thereof the following: "The President shall appoint a Chairman from the Commission's membership, by and with the advice and consent of the Senate; and the Commissioner so appointed shall serve as Chairman until the expiration of his term as Commissioner (except that he may continue to serve as Chairman for so long as he remains a Commissioner and his successor as Chairman has not taken office). An individual may be appointed as a Commissioner at the same time he is appointed as Chairman. A member of the Commission shall not for a period of 24 months following the termination of his services as a Commissioner represent any person before the Commission in a professional capacity or accept employment or compensation from any industry subject to this Act. A majority of the members of the Commission, including the Chairman, shall be appointed from among persons who, in addition to any other qualifications imposed by this Act, have not been employed by, or received (directly or indirectly) substantial profits, fees or wages from, or represented in a professional capacity an industry regulated by the Commission.".

(2) Section 3(a) of Reorganization Plan Numbered 1 of 1969 (83 Stat. 859) is no longer effective.

(h) Notwithstanding any provision of Reorganization Plan Numbered 7 of 1961 (75 Stat. 840) the President shall appoint a Chairman from the Commission's membership, by and with the advice and consent of the Senate; and the Commissioner so appointed shall serve as Chairman until the expiration of his term as Commissioner (except that he may continue to serve as Chairman for so long as he remains a Commissioner and his successor as Chairman has not taken office). An individual may be appointed as a Commissioner at the same time he is appointed as Chairman. A member of the Commission shall not for a period of 24 months following the termination of his services as a Commissioner represent any person before the Commission in a professional capacity or accept employment or compensation from any industry subject to this Act. A majority of the members of the Commission, including the Chairman, shall be appointed from among persons who, in addition to any other qualifications imposed by this Act, have not been employed by, or received (directly or indirectly) substantial profits, fees or wages from, or represented in a professional capacity an industry regulated by the Commission.

(2) Section 102(b) of Reorganization Plan Numbered 10 of 1950 (75 Stat. 840) is no longer effective.

(i) Section 4 of the Consumer Product Safety Act is amended as follows:

(1) In subsection (c), the second sentence thereof is amended to read as follows: "A majority of members of the Commission, including the Chairman, shall be appointed from among persons not (1) in the employ of, or holding any official relation to, any person engaged in selling or manufacturing consumer products, or (2) owning stock or bonds of substantial value in a person so engaged, or (3) who are in any other manner pecuniarily interested in such person, or in a substantial supplier of such a person."

(2) At the end thereof add the following new subsection:

"(i) A member of the Commission shall not for a period of 24 months following the termination of his services as a Commissioner represent any person before the Commission in a professional capacity or accept employ-

ment or compensation from any industry subject to this Act."

(j) The amendments made by this section shall not apply to the service as Chairman or Vice Chairman of any Board or Commission, or to the service on any Board or Commission referred to in this section, of any person who was serving as Chairman, Vice Chairman, or member of that Board or Commission on the date of enactment of this Act, except that in the case of a person serving as Chairman, Vice Chairman, or member for a fixed term such amendments and subsection shall apply at the end of such term.

INDEPENDENCE IN APPORTIONING APPROPRIATIONS

SEC. 7. (a) Section 3679 of the Revised Statutes of the United States (31 U.S.C. 665) is amended—

(1) by inserting in the first sentence of subsection (d)(1), immediately after "the judiciary," the following: "an independent regulatory agency,";

(2) by inserting in the fifth sentence of subsection (d)(2), immediately before the period at the end thereof a comma and the following: "but does not include an independent regulatory agency";

(3) by inserting in subsection (g), immediately after "the judiciary,", the following: "an independent regulatory agency,"; and

(4) by adding at the end thereof the following new subsection:

"(j) (1) The Comptroller General of the United States shall review from time to time actions taken by each independent regulatory agency under this section. The Comptroller General shall make such recommendations as he considers appropriate to such agency whenever he determines that such agency is not complying with the provisions of this section, or is able to improve its administration of this section. Any such determination or recommendation shall be promptly reported to Congress.

"(2) When used in this section, the term 'independent regulatory agency' means the Civil Aeronautics Board, the Federal Communications Commission, the Nuclear Regulatory Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Securities and Exchange Commission, the Consumer Product Safety Commission or the Federal Maritime Commission.

(b) The amendments made by this section shall apply with respect to appropriations made for fiscal year 1976 and thereafter.

INFORMATION FOR CONGRESS

SEC. 8. (a) Chaper 3 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 306. Reports to Congress by independent regulatory agencies

"(a) For purposes of this section, the term 'independent regulatory agency' means the Nuclear Regulatory Commission, the Civil Aeronautics Board, the Federal Communications Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Securities and Exchange Commission, the Consumer Product Safety Commission, and the Federal Maritime Commission.

"(b) Each independent regulatory agency shall submit to the Senate and House of Representatives an annual regulatory activity report within thirty days after the end of each fiscal year. The report shall include information about every significant change in regulatory policy as implemented in rules and regulations of the agency or in an adjudication by the agency, every judicial decision which materially affects the administration of the agency's regulatory authority, a progress report on all proceedings before the agency, a progress report on all investigations by the agency, a progress report on any other agency actions which Congress requires, and such other information as the Congress may require.

"(c) Each independent regulatory agency shall submit to the Senate and the House of Representatives a planning report within ten days after the end of the fiscal year beginning July 1, 1976, and every fourth fiscal year thereafter. The planning report shall include a summary of every important change of regulatory policy during the preceding four fiscal years, an analysis of the coordination between the agency and every other agency or department the jurisdiction of which overlaps that of the agency, a summary of proposed rules, regulations, investigations, studies, administrative procedural or organizational changes, and the reasons therefor, and any legislative recommendations.

"(d) Each independent regulatory agency shall provide to the Senate and to the House of Representatives all information, data, estimates, and statistics which the Senate and House determine to be necessary in the performance of their oversight duties and functions with respect to that agency within ten days of a request for such information. The Senate and House, and their authorized representatives, shall, for the purpose of identifying and securing material necessary to the performance of their oversight duties and functions with respect to each such agency, have access to and the right to examine any books, documents, papers, records, or computer programs of each independent regulatory agency.

"(e) The reports required to be submitted by this section shall be submitted in addition to any other reports required to be submitted by an independent regulatory agency under any other provision of law."

(b) The analysis of such chapter 3 is amended by adding at the end thereof the following new item:

"306. Reports to Congress by independent regulatory agencies.".

CONGRESSIONAL APPROVAL OF PROPOSED RULES

SEC. 9. (a) Subchapter II of chapter 5 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 560. Disclosure of congressional ex parte communications with independent regulatory agencies

"Not later than thirty days before the effective date of any proposed rule and not later than ten days after it issues any order, as defined in section 551(6) of this title, each independent regulatory agency shall make available to the public a description of every written and oral communication on behalf of any party affected by that rule or order from any Member of Congress to any Commissioner, Board member, administrative law judge, employee, or agent of the independent regulatory agency concerning or relevant to the proposed rule or order.".

(b) The analysis of such subchapter II is amended by adding at the end thereof the following new item:

"560. Disclosure of congressional ex parte communications with independent regulatory agencies.".

EFFECTIVE DATE WITH RESPECT TO AGENCY PROCEEDINGS

SEC. 10. The provisions of this Act apply only to agency proceedings which are initiated after the date of enactment of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 11. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. HATFIELD (for himself and Mr. PACKWOOD):

S. 860. A bill to amend the Fair Labor Standards Act of 1938 with respect to certain agricultural hand harvest laborers. Referred to the Committee on Labor and Public Welfare.

Mr. HATFIELD. Mr. President, when Congress passed the Fair Labor Standards amendments last year section 25 of the law, prohibiting the employment of children under the age of 12 in agricultural harvests except under very limited circumstances, caused grave concern among the people of Oregon.

They are concerned for good reason. As I indicated in testimony before the Senate Labor Subcommittee last December, the application of section 25 this year will immediately eliminate temporary summer job opportunities for over 5,000 young Oregonians; it will seriously threaten the economic future of certain Oregon crops, most notably strawberries, which have historically been dependent on students of all ages for their harvest; and, by so threatening these crops, the law will place in jeopardy the future job opportunities of some 38,000 older pickers, adults, and teenagers alike. Additionally, thousands of Oregon jobs in cannery and transportation operations are threatened by this action of Congress.

I would like to make clear to my colleagues the gravity of this situation in Oregon, the pressures that the agriculture industry has come under in recent years, and also statistical data and personal recollection which reflect the conditions under which Oregon children have worked for years. I am hopeful that, given the evidence that has recently been compiled in Senate hearings, my colleagues will understand the need for immediate action to amend section 25 of the Fair Labor Standards Amendments of 1974.

After the ban on children working in the fields became known, I received a storm of letters from outraged Oregonians who believed that Congress, in imposing the ban, had not taken Oregon's situation into account. In a little over a month I received 1,200 letters from children, educators, and parents. They were accompanied by editorial protests, and by telephone calls from concerned growers who saw no recourse but to plow under their crops.

Many of the letters I received were from children under the age of 12. I would like to give my colleagues some examples of what these young Oregonians had to say. From a young man: "Will you please try to change the law about strawberry picking? I don't have any other way to make money now. My sister can't pick strawberries because my dad works and my mom picks with my sister and I can't stay home alone and I can't pick so I don't know what I'm going to do."

Or another letter, this time from a young lady:

I am writing about the berry picking. I really think that people 9 and over are quite capable of picking berries. I am in the fifth grade and I really think that we are capable

of picking berries. I wanted to save some money for a horse because I am a horse lover, I have been a horse lover ever since I was three. Now I am eleven. Well I guess there's not much more that I can say except I think the people that voted on it are like my mother, there (sic) worry warts!

These children suddenly found themselves out of work, work that gave them a feeling of independence and self-worth, work that they engaged in in the summer for an average of 3 to 4 weeks. But there was another serious factor which reuslted from the elimination of these jobs. It was summed up in a telegram sent to be by then Governor McCall on May 25, 1974. The telegram read as follows:

We urgently request all possible immediate action through legislative and administrative channels to allow children under 12 to assist in the berry and bean harvest in Oregon. These young people working with their parents or brothers or sisters are not exploited child labor. They are local residents who are earning spending money and learning the value of working while helping to harvest an important food resource. An estimated forty million pounds of strawberries grown on eight thousand acres could go unharvested in the next three weeks if families are forbidden to bring their children to the fields where they work. 54% of past crops have been picked by young people under 14 years of age and 16 percent of those under 12. The impact on the availability of adult workers will be severe if prohibited from bringing their children to the fields. An economic loss of ten million dollars is a real possibility. This loss of food is indefensible. Please exert every effort to obtain an immediate exemption.

As the Governor's telegram indicated, the detrimental effects of this legislation on the Oregon strawberry industry, one of the largest agricultural harvest in the State, would be particularly dramatic. What I hope to indicate to my colleagues today is that, not only would the under 12 ban cause serious short-term damage to the industry, but that, if left unchanged, the law may signal the demise of the entire strawberry industry in Oregon.

Fortunately, last summer's strawberry harvest was saved by a preliminary injunction granted by U.S. District Court on June 22, following a suit filed by Mr. Larry William Keely, an Oregon strawberry grower, which claimed section 25 of the act to be unconstitutional.

In September, the court ruled that the law was constitutional. But, in its decision, the court clearly placed the decision on whether the law was justified in Oregon's situation, back on the Congress:

The 1974 Amendments may be unnecessarily broad. *Perhaps Congress can write more flexibility into the Act to exempt forms of agriculture in which oppressive child labor conditions do not exist.* But the determination of the particular evils, conditions and persons to be regulated and the means to accomplish the protection or promotion of interstate commerce is *within the exclusive province of Congress, not the Courts.* (emphasis added)

ECONOMICS

Before addressing myself to the conditions under which these children work, I want to emphasize the critical economic importance attached to the participation of these young Oregonians in the harvesting of strawberries, and, in addition, why it will be extremely difficult, if not impossible, to replace them with other sources of available labor. I might indicate at this point that I use the strawberry industry as an example only because it is the largest among all Oregon berry and pole bean crops economically dependent on the temporary participation of young people. To varying degrees similar difficulties face other crops, such as raspberries, blueberries, and pole beans.

SHORT-TERM DISRUPTION

As Governor McCall's telegram of May 25 indicated, the immediate, economic loss resulting from the under 12 prohibition will be severe. In 1973, Oregon's Department of Employment statistics indicated that over 38,000 people participated in Oregon's strawberry harvest. Some 5,890 of these workers were children under the age of 12. These young Oregonians, then represented 16 percent of the working force. Were it not for the June decision of the district court to grant a temporary injunction, there would have been, at minimum, an immediate 16 percent reduction in the labor force.

What cannot be accurately estimated by the employment division, however, is the additional loss of workers which would have occurred if the ban had taken effect.

Estimates varied, but it was widely assumed by growers and State officials alike that an additional 5 to 15 percent of the legally eligible working force would have stayed home. These added numbers of unemployed would be brothers, sisters, or parents who would not work because the prohibited child could not accompany them to the fields to help pick.

The difficulties of this situation are, I think, obvious. If a mother chose to go to the fields, leaving her child at home with a full-time babysitter, she would by rule of Congress in another section of Public Law 93–259 be obliged to pay the babysitter the minimum wage, of $2 an hour. She would, therefore, make little, if any profit for her day's effort in the field.

Another immediate result of the law would be the laying off of significant numbers of cannery workers as well as others whose seasonal jobs are dependent on the full harvesting of strawberry crops. It might also be predicted with certainty that the under 12 ban would cause an increase in retail price to the consumer, and that thousands of dollars in State taxes would be lost.

This, however, would be only the immediate short-term impact. In response to similar economic situations, traditional belief has argued that recovery from such a labor loss will result, if prices paid to field workers are increased. If such a price increase were sufficient enough, added workers would, the argument goes, be drawn into the labor force. This supposedly would compensate, in the case of srawberries, for the 16- to 25-percent labor loss Congress created by passing Public Law 93–259.

The rapid increase in international competition in the strawberry market, however, helps in proving this assumption wrong when applied to the Northwest strawberry industry. Put simply, an immediate and significant rise in prices paid to harvesters is an economic impossibility at this time, as a study of the international competitive market illustrates.

MEXICO

The major single source of competition to Oregon strawberry growers and processors does not come from inside the United States, but from Mexico. It is primarily this burgeoning competitive force which is causing the slow, economic strangulation of the Oregon strawberry industry.

Oregon deals almost solely in the production of processed—frozen—strawberries. This has been its tradition for years. Picking strawberries for processing requires less selective picking than is needed for fresh market produce. This is one reason why Oregon farmers have welcomed the temporary help of children in this pursuit, and why it is one of the few work activities that young Oregonians can engage in.

In recent years, Mexico has produced increasing amounts of processed strawberries which it in turn shipped into the U.S. marketplace. Its growth within the past decade has been extraordinary.

In 1964, according to the Department of Commerce, Mexico exported 35.3 million pounds of frozen strawberries into the United States. In December of that year, however, the bracero program was terminated. This program had allowed hundreds of thousands of Mexican laborers to legally enter the United States each year to help harvest fruit and vegetable crops in the Southwest United States.

The effect of the termination of this program on the Mexican strawberry industry was almost immediate. Spurred by private U.S. investments, imports of processed strawberries more than doubled in the 2 years, to 73.7 million pounds. The quantum growth of this industry continued until, by 1973, imports of frozen strawberries alone had reached 116 million pounds. Again I emphasize to the committee that these imports are the major source of competition for Oregon and Washington in U.S. market consumption.

The total estimated U.S. consumption of processed strawberries in 1973 was about 280 million pounds. In less than 10 years, Mexican imports increased 330 percent. With the help of private investment from this country, Mexico now controls 41 percent of the U.S. market.

In direct contrast, production of processed strawberries in the States of Oregon and Washington has dropped in proportion to the rise in competition from Mexico.

In 1973, these two Northwest States produced 64 million pounds of processed

strawberries. Oregon produced 64 percent of this amount, or 41 million pounds. In 1964, before Mexican imports began an exponential growth pattern, Oregon alone produced 96.6 million pounds, or 43 percent of the total national consumption in that year. By 1973, Oregon's figure had been reduced to 14 percent. There are varied reasons for this dramatic reduction in Oregon's strawberry production. Higher labor costs, land development, unseasonable weather, and deterioration of plant conditions in some areas, all contributed to this decline. But none are more significant than the massive growth of Mexican imports.

How can this enormous growth be explained? What attracted U.S. interest below the border to compete with small growers in the States of Oregon and Washington? An examination of labor cost and other economic factors in Mexico explains a great deal.

In 1974, according to the U.S. Department of Agriculture, the average wage paid to Mexican fieldworkers was 47.89 pesos per day, or just under $4 per day. In 1964, they were paid $2 per day. In 1974 in Oregon, an average picker earns about $20 per day. Labor costs alone for Oregon growers are, then, five times greater than the labor costs incurred by their largest competitor.

In addition to cheap labor, investors in the Mexican strawberry industry pay an extraordinarily cheap price for sugar. This is a critical economic factor in that sugar consists of an estimated 20 to 25 percent of the total volume per unit of processed strawberries.

In Mexico, sugar prices are strictly controlled by the Government agency known as Union Nacional de Productors de Azwcar—UNPASA. The current price for sugar is 8.4 cents per pound. This price reflects a 48-percent increase instituted by that agency in 1970. For 12 years prior to that date, the price of sugar was 4.3 cents.

By contrast, the October 1974 price of sugar in the Northwest was 56 cents per pound or nearly seven times as great as in Mexico. Oregon strawberry processors indicate that fully half the cost of a unit of processed berries is realized in sugar costs.

Abundant sources of cheap labor and officially depressed sugar prices have combined with other factors to make Mexico the largest regional producer of processed strawberries in the world. Mexican processed strawberry imports currently are 8 cents less per pound than those produced in Oregon.

Oregon growers compete with Mexico, and with U.S. private interests in that country as well. The Department of Agriculture indicates that U.S. private investments in Mexican agriculture has exceeded $150 million in the period 1964–73. This figure, however, represents only a fraction of total investments. The Department has no data on investments in the processing, packaging, and transportation of goods to U.S. cities.

Although the Department of Commerce indicates that total U.S. investment in the Mexican strawberry industry is unknown, the extent of it is reflected in a letter sent by the president of a large strawberry packing association in Mexico to the U.S. agricultural attache in Mexico City. The letter was dated December 30, 1966. I quote from its final paragraph:

> Before ending, I wish to mention that our Government has given every facility to all American companies who have come to Mexico, such as Del Monte, Heinz, General Foods, Nestle, Gerber, Carnation, and many others. There is much American capital invested in the strawberry industry and any action taken against this exportation . . . would greatly hurt not only the good neighbor relation and the Alliance for Progress Program, but also the American capital invested in this industry of strawberry freezing in Mexico.

Since this letter was written, Mexico imports have increased 160 percent.

The significance of this Mexican competition cannot be overemphasized. These imports affect, in the most fundamental way, any consideration about the ability of Oregon growers to survive an immediate 16 to 25 percent labor force reduction. They also govern the ability of Oregon growers to offer yet higher wages in the hope that older pickers would be attracted to the fields.

If section 25 is not amended to allow for children working under healthy and constructive conditions to again participate in Oregon berry and bean harvest, it becomes apparent that not only are the childrens' job opportunities eliminated, but others as well. By prohibiting children under 12 from participating in the harvests, Congress has dangerously added to the economic burdens of small Northwest strawberry growers. As a result of increased Mexican imports these burdens were already extreme prior to passage of Public Law 93–259. With the added difficulty of trying to replace these children by older persons who, according to a 1967 Washington State Labor Department survey, are reluctant to pick even with an economic incentive, Congress will hasten the decline of one of the largest agricultural industries in Oregon. Moreover, this decline will occur with little hope of future recovery. In that event, we are not talking about job loss for only 5,500 children, but, potentially, 38,000 teachers, students, and parents who depend on these summer harvests for added family income.

We might also add to this figure additional job losses which will surely occur in related industries. Such a loss would be intolerable during these inflationary times when families are struggling to keep pace with the high cost of living.

CONDITIONS OF EMPLOYMENT

Mr. President, these economic disruptions would have to be endured, however, if it could be proven that children under the age of 12 are indeed exploited in Oregon's agricultural harvests, or that they are working under conditions detrimental to their health and well being.

I might first speak to this matter from personal experience. I picked in the fields of Oregon as a child, using the money I earned to buy school clothes and to help my parents pay for my education. Like the majority of young Oregonians who help with the harvests, I did this for a period of 3–4 weeks. To this day I consider this temporary activity a valuable and healthy work experience that a child under 12 years of age can obtain nowhere else. I might also add that I consider a few weeks of work in the fields during the summer months to be far less dangerous than delivering papers, 7 days a week, 52 weeks a year, often in early morning hours. Yet there is an exemption for paperboys and girls under the act.

All those who help in the harvest, young and old alike, are covered in Oregon by the Workmen's Compensation Act. The Oregon Workmen's Compensation Board reports that, in 1973, a total of eight injuries to children under the age of 12. As I indicated earlier, there were over 5,000 children under 12 participating in the strawberry harvest alone. One of these eight injuries was fatal. It was suffered by a 10-year old child who was struck by a car while riding a motorcycle on his family's farm. As you are aware, Mr. President, the 1974 amendments could not have served to avoid this accident; this ban on young children did not apply to children working on family-owned farms.

The other seven injuries were all minor, ranging from cut wrists and a cut hand both coming from falling on berry crates, to a rash that one child developed by coming in contact with a spray. These seven injuries required only minor medical attention. This short list of injuries is indicative, I believe, of the safe conditions under which these children work.

Oregon State law prohibits these children from participating in harvests while school is in session. During the summer months of harvest, the great majority of these young Oregonians are brought to work in school buses. Often a child's teacher or parent will supervise their work and their transportation to and from home. The buses leave the fields by 2 in the afternoon. This is done to avoid making children work in the hot afternoon hours.

The children are paid the same rate as adult pickers. Unlike the exploitative conditions which occurred early in this century in the factories of the East, the children in Oregon are not paid less than adults, they are not forced to work long hours near dangerous equipment, and they do not labor year-round, but rather, for a few weeks in the summer months.

Mr. President, I believe the prohibition of children under 12 working in the fields was primarily born of congressional concern over the plight of migrant families. I share that concern and in no way seek to return to the sad traditions of the past—traditions that have seen young migrant children traveling the country with their families year around, attending school infrequently and thus losing all chance to lead productive and meaningful adult lives. I applaud the efforts of Congress to stop this historic abuse of these migratory children, and to break the continuing cycle of poverty and neglect that has characterized their lives in the past.

In the bill presented today, I seek only to accomplish a change in the 1974 amendments which will allow the children of permanent State residents to again help harvest crops for a limited period of time in the healthy and constructive environment which has characterized Oregon's traditional experience with its children.

Mr. PACKWOOD. Mr. President, last year, after three tries, Congress passed new minimum wage amendments which were finally signed into law as Public Law 93-259. Included in those amendments was a provision—section 25(b)—to prohibit children under 12 years of age from working in agriculture, a provision which probably escaped the notice of most Senators. Those who examined section 25(b) of the new law most likely assumed that it was designed to protect migrant children against abusive child labor practices. This is and was an objective which we all share.

But as is so often the case, this provision has had a far broader effect than we foresaw in approving the new law. In my State of Oregon, and in the States of Washington, Michigan, and Maine in particular, section 25(b) has had the unintended effect of depriving our young people of a valued and traditional summer activity—berry and bean picking.

Many of those who have studied the history of abusive child labor in the 19th and early 20th century have difficulty differentiating those horrors from the real nature of Oregon's berry and bean picking during the summer months. I doubt that the grassroots opposition to the new prohibition which has been expressed to me, would have occurred had any of the historical conditions of "child labor" existed in Oregon today.

In Oregon, parents are furious that their children are being deprived of their first work experience, their first opportunity to earn money, and to learn responsibility and the value of a dollar.

The loudest outcry has come from the youngsters themselves, who have found a hard time trying to understand why anyone in Washington would tell them they can no longer pick strawberries and beans on their vacations. These youngsters are angry and disappointed. They look upon picking as a social occasion with their friends, "something to do" in the summer, instead of "just sitting around," and importantly as one of the few ways they can earn some spending money.

Mr. President, we in Congress are obligated to ask ourselves if the under-12 prohibition is related to the needs of migrant children or if it is necessary to protect other children from dangerous or abusive conditions.

It should be emphasized that we are unanimous in our concern over the welfare of migrant children, and agree that these children need and deserve special protections. We would also concur in the strong belief that all youngsters should be protected from dangerous or abusive practices in agriculture or elsewhere.

But is berry or bean picking, for these nonmigrant children, dangerous or abusive?

The Oregon Workmen's Compensation Board reports no serious injuries among the 10,000 children under 12 who worked harvesting beans and berries in 1973. The board reports only seven minor injuries, and even of this infinitesimal number, several were clearly not related to berry and bean picking—for example, a bruised back from falling off a ladder. Clearly, if bean and berry picking were a hazardous activity, neither parents nor children would be as anxious as they are to participate.

Mr. President, aside from the inherent value of permitting these youngsters to continue in their summer picking jobs, I should point out the significant role young Oregonians play in Oregon's agricultural economy. Quite simply, removal of Oregon's young people from picking beans and berries would have a ripple effect which would more aptly be described as a tidal wave. Given our current economic woes, we can hardly afford to disregard the potential for more disruption.

First, the 10,000 to 14,000 pickers under 12 years old stand to lose close to a million dollars in summer income. With the additional lost income by mothers and siblings over 12 who would also be forced from the fields, the total lost income from picking would approximate $1½ million annually.

Oregon's farmers, who have just recovered from devastating transportation in rail and shipping failures, would lose something in the vicinity of 9,000 tons of strawberries alone, and together with Washington's farmers, would sacrifice approximately $4 million in lost income.

Next the processors. Oregon and Washington together have 33 strawberry processing plants, small companies which, of course, are highly dependent upon the pickers and farmers for continuation of their operations. The current under-12 prohibition would mean the loss of about 1,800 jobs in these processing plants, and a reduced payroll of about $1½ million. It should be noted here that many of these employees—also seasonal workers in many cases—are adults without otherwise marketable skills. Without processing jobs, they would in many cases be forced to seek lower paying jobs in picking or elsewhere, or would remain unemployed.

And what about the processing plants themselves? Processing plants operate only seasonally, during just a few months of the summer and fall. The season begins with strawberries, and there is no substitute product. Without strawberries, processing plants would just not operate until later crops come in. Seasonal processing already carries a heavy burden. That burden would be increased, and importantly, shifted over to other products, and reflected in farther increases in costs of processed foodstuffs. And no one needs to be reminded about the meaning of rising food costs. And so the ultimate impact falls on the consumer as well, who is already too much overburdened with the effects of an inflationary and now recessionary economy.

Mr. President, the legislation which Senator HATFIELD and I are today introducing, reflects all of these concerns, and is designed to provide very specific remedies. Our proposal would apply only to local hand harvest labor, not to migrant children. Migrant children would continue to have the special protections Congress intended. It would leave in place existing prohibitions against children participating in jobs which are dangerous, and would limit the maximum period of allowable work to 13 weeks per year, while school is not in sesson. Parental consent would continue to be required.

Mr. President, in closing, let me again emphasize that I believe Congress has unintentionally and unwisely restricted thousands of nonmigrant children from participating in a traditional and healthy summer activity, which I myself, and hundreds of thousands of Oregon adults enjoyed as children. I would welcome questions from any Senators on the nature of the work or on the provisions of our bill, and urge speedy action to preserve these jobs for the next picking season.

By Mr. CHURCH (for himself, Mr. JOHNSTON, Mr. FANNIN, Mr. HANSEN, Mr. SPARKMAN, Mr. GRAVEL, Mr. CRANSTON, Mr. TUNNEY, Mr. HUMPHREY, Mr. CURTIS, Mr. MCGEE, Mr. BAYH, Mr. ABOUREZK, Mr. BUCKLEY, Mr. MONTOYA, Mr. MOSS, Mr. BAKER, Mr. EASTLAND, Mr. HATFIELD, Mr. MCCLURE, Mr. BENTSEN, and Mr. TOWER):

S. 361. A bill to amend section 4 of the Emergency Petroleum Allocation Act of 1973. Referred to the Committee on Interior and Insular Affairs.

SMALL REFINERS RELIEF ACT

Mr. CHURCH. Mr. President, I introduce, for appropriate reference, a bill to exempt small refiners from the adverse economic impact of the Federal Energy Administration's crude oil entitlement program. I am joined in cosponsorship of this measure by my distinguished colleagues Messrs. JOHNSTON, FANNIN, HANSEN, SPARKMAN, GRAVEL, CRANSTON, TUNNEY, HUMPHREY, CURTIS, MCGEE, BAYH, ABOUREZK, BUCKLEY, MONTOYA, MOSS, BAKER, EASTLAND, HATFIELD, MCCLURE, BENTSEN, and TOWER.

In passing the Emergency Petroleum Allocation Act, Congress granted to the President specific temporary authority to deal with the shortages initially precipitated by the Arab oil embargo. The President was further directed to promulgate a regulation providing for the mandatory allocation of crude oil, residual fuel oil, and refined petroleum products.

Congress, however, made its intent clear in section 4(b)(1)(D) of the Emergency Petroleum Allocation Act of 1973 that allocation and pricing regulations were to provide for "preservation of an economically sound and competitive petroleum industry, including the priority

needs to restore and foster competition and to preserve the competitive viability of small refiners."

These small refiners provide the competitive edge in an otherwise highly concentrated industry, dominated by the large vertically integrated multinational oil corporations. Very often, it is the small refiner that provides jobbers and independent marketers their only source of products and often at a list price below those of the major brand name companies. Through the provisions of the mandatory allocation program, these savings are then passed along to the consumer.

To comply with the requirement of the Mandatory Allocation Act that crude oil costs be "equitable" and that competition be preserved, the President, acting through the Federal Energy Administration, created the entitlements system. The program sought to spread the financial benefits associated with refining price-regulated "old" oil—that oil controlled at the $5.25 per barrel price—equally among all refiners—both large and small—without actually allocating supplies of oil to refiners. The mechanism for effecting this equalization is a system of tickets in which refiners with percentages of "old" oil higher than the national average must buy "entitlements" from those refiners with percentages of old oil lower than the national average.

The FEA premised the program on the partially correct assumption that certain small refiners were harmed economically because of their disproportionate reliance upon crude oil sold at uncontrolled prices—$11-plus per barrel. Yet, in fact, no matter how the pie is sliced, small refiners—as a group—come out the big losers. Those who must purchase entitlements, including as many as 40 to 50 percent of all small refiners, may end up paying as much as $25,000,000 per month for the right to refine controlled crude oil which many have been processing long before the allocation program came into being. On the other hand, small refiner sellers of entitlements, who depend more heavily on uncontrolled crude oil, are being squeezed by the high price of $11-plus oil.

With respect to the small refiners who must buy—and also those who can sell—entitlements, it makes no sense to me to rob Peter to pay Paul. In the end, the result is the same, the competition provided the industry by small refiners will be greatly reduced.

While the nature of the Federal Energy Administration's entitlement program is extremely complex and while its goal is laudable, the harsh fact remains that unless the impact of this program is somehow tempered, the additional costs to many small refiners will force these businesses to reduce or terminate their refining operations. Such an unfortunate circumstance will come at a time when the President has expressed the need for the Nation to establish new refineries.

The Justice Department recognized the importance of this competition when it filed formal comments on the entitlements program in September 1974. The Department, at that time, urged an exemption for small refiners as essential to preserve their competitive potential.

At the urging of representatives of those small refiners that will be most adversely affected, and particularly because a number of independent marketers in Idaho have suggested this course of action, I am introducing this measure to exempt small refiners whose capacity did not, on January 1, 1975, exceed 100,000 barrels per day from the requirement of purchasing entitlements under the FEA regulation. However, the bill also provides that the rights of small refiners to sell entitlements are not to be restricted. It is hoped in this manner to protect the entire small refiner industry and thereby to enhance their competitive position.

I consider this proposal a working draft by which the Congress might consider this matter in depth. It is altogether possible that changes will be made and a hearing record established.

A refiner's capacity is defined, under the legislation, to include the capacity of any person who controls, is controlled by, or is under common control with the particular refiner, and so the small refiner exemption will not be available to individual refinery divisions or subdivisions of large oil companies. I ask unanimous consent that a list of U.S. refiners, including the refining capacity reported by refiners as of December 1, 1974, appear at the end of my remarks.

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

Mr. CHURCH. As I indicated previously, if the entitlements program is not made the subject of congressional scrutiny, it is altogether possible that small refiner buyers of entitlements could end up paying some of the country's oil giants large sums of money for entitlements the majors have to sell; a vital subsidy for those who do not need it. At the very least, I am hopeful that this proposal will prompt a renewed inquiry, on the part of Congress, into the need for refinement and adjustments in this program.

I urge the Congress to act promptly on this measure, for in doing so, competition in the petroleum industry will be enhanced by assuring that no small refiner will be substantially injured or forced to close down because of entitlement purchases or sales.

I ask unanimous consent that the text of the bill appear at this point in the RECORD.

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

S. 861

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new subsection:

"(h) Insofar as any regulation promulgated and made effective under subsection (a) of this section shall require the purchase of entitlements, or the payment of money through any other similar cash transfer arrangement aimed at equalizing the cost of crude oil to domestic refiners during the existence of a two-tiered market for crude oil, such regulation shall exempt those refiners whose total refining capacity (including the refining capacity of any person who controls, is controlled by, or is under common control with such refiner) did not exceed on January 1, 1975, one hundred thousand barrels per day from said requirement: *Provided,* That nothing herein shall be taken to restrict the right of any small refiner as defined in section 3(4) of this Act to receive payments for entitlements or through any other such cash transfer arrangement.".

SEC. 2. The amendment made by the first section of this Act shall be deemed to have taken effect as of January 1, 1975.

Petroleum refiners in the United States, Puerto Rico, the Virgin Islands, and Guam—Operating capacities as of December 1, 1974

	Capacity d/b
Companies controlling more than 1000,000 b/d crude oil capacity:	
Exxon Corp. (Exxon Co., U.S.A.):	
Baton Rouge, La. 70821	431,000
Port Arthur (Baytown), Tex. 77520	413,000
Linden (Bayway), N.J. 07036	268,000
Billings, Mont. 59103	45,000
Benicia, Calif. 94510	86,000
Total	1,243,000
Shell Oil Co:	
Wood River, Ill. 62095	255,000
Deer Park (Houston), Tex. 77536	294,000
Martinez, Calif. 94554	100,000
Wilmington, Calif. 90744	90,000
Norco, La. 70079	240,000
Anacortes, Wash. 98221	88,000
Gallup, N. Mex. 87301	17,000
Odessa, Tex. 79760	29,000
Total	1,113,000
Texaco, Inc:	
W. Tulsa, Okla. 74101	50,000
Lockport, Ill., 60441	72,000
Lawrenceville, Ill. 62439	84,000
Eagle Point, N.J. 08093	88,000
Amarillo, Tex. 79105	20,000
El Paso, Tex. 79998	17,000
Casper, Wyo. 82601	21,000
Los Angeles, Calif. 90744	75,000
Port Arthur, Tex. 77640 and Port Neches	453,000
Puget Sound, Wash. 98221	85,000
Convent, La. 70723	140,000
Total	1,105,000
Standard Oil Co. (Indiana):	
Amoco Oil Co.:	
Baltimore, Md. 21226	11,000
Casper, Wyo. 82601	37,592
Mandan, N. Dak. 58554	48,000
Salt Lake City, Utah 84103	38,000
Savannah, Ga. 31402	15,033
Sugar Creek, Mo. 64054	103,000
Whiting, Ind. 46394	360,000
Wood River, Ill. 62095	102,000
Yorktown, Va. 23690	48,000
Texas City, Tex. 77590	320,000
Total	1,082,625
Standard Oil Co. of California:	
Richmond, Calif. 94802	190,000
El Segundo, Calif. 90245	220,000
Bakersfield, Calif. 93308	26,000
Barber's Point, Hawaii 96801	35,000
Nikishi, Alaska 99611	20,000
Chevron Oil Co.:	
Perth Amboy, N.J. 08861	80,000
El Paso, Tex. 79998	65,000
Salt Lake City, Utah 84110	43,000

Petroleum refiners in the United States, Puerto Rico, the Virgin Islands, and Guam—Operating capacities as of December 1, 1974—Continued

Chevron Asphalt:	
Baltimore, Md. 21203	14,000
Blakely Is., Ala. 36601 [1]	
North Bend, Ohio 45238 [1]	
Portland, Oreg. 97208	18,000
Standard Oil Co. (Kentucky):	
Pascagoula, Miss. 39567	280,000
Total	991,000
Gulf Oil Corp.:	
Port Arthur, Tex. 77640	312,100
Philadelphia, Pa. 19101	168,500
Toledo, Ohio 43697	48,800
Cincinnati, Ohio 45001	42,100
Venice, La. 70091	22,700
Santa Fe Springs, Calif. 90670	49,800
Belle Chase, La. 70037	180,102
Sequoia Refinery Corp.:	
Sequoia, Calif. 94547	27,000
Bayamon, P.R. 00936	37,800
Total	888,902
Mobil Oil Corp.:	
Torrance, Calif. 90503	124,000
Ferndale, Wash. 98248	64,000
Buffalo, N.Y. 14240	43,000
Paulsboro, N.J. 08066	98,000
East Providence, R.I. 02915	
Augusta, Kans. 67010	50,000
Beaumont, Tex. 77704	325,000
Joliet, Ill. 60434	160,000
Total	871,000
Atlantic Richfield Co.:	
Point Breeze, Pa. 19101	185,000
Carson, Calif. 90745	185,000
East Chicago, Ind. 46312	140,000
Houston, Tex. 77001	187,500
Cherry Point, Ferndale, Wash. 98248	98,000
Total	795,500
Amerada Hess Corp.:	
Port Reading, N.J. 07064 [2]	0
Purvis, Miss. 39475	28,000
Kings Hill, St. Croix, V.I. 00850	700,000
Total	728,000
Sun Oil Co.:	
Marcus Hook, Pa. 19061	163,000
Toledo, Ohio 43693	120,000
Tulsa, Okla. 74102	87,000
Ducan, Okla. 73533	48,500
Puerto Rico 00918	85,000
Corpus Christi, Tex 78403 [3]	55,600
Total	559,100
Union Oil Company of California:	
Lemont, Ill 60439	152,000
Beaumont, Tex. 77627	120,000
Los Angeles, Calif. 90744	108,000
Rodeo, Calif. 94572 [4]	111,000
Total	491,000
Standard Oil Company of Ohio:	
Lima, Ohio 45804	165,000
Toledo, Ohio 43616	118,900
Marcus Hook, Pa. 19061 [5]	143,000
Total	426,000
Phillips Petroleum Co.:	
Woods Cross, Utah 84087	23,000
Great Falls, Mont. 59401	5,700
Borger, Tex. 79007	95,000
Kansas City, Kans. 66115	85,000
Sweeny, Tex. 77480	85,000
Martinez, Calif. 94553	110,000
Total	403,700
Continental Oil Co.:	
Egan, La. 70531	15,000
Ponca City, Okla. 74601	117,000
Westlake, La. 70669	83,000
Commerce City, Colo. 80022 (Denver)	28,500
Billings, Mont. 59103	52,500
Wrenshall, Minn. 55797	20,000
Sheboygan, Wis. 53082 [6]	
Paramount, Calif. 90723 [7]	35,000
Santa Monica, Calif. 93554 [7]	8,000
Total	395,000
Ashland Oil Co.:	
Catlettsburg, Ky. 41129	135,000
Buffalo, N.Y. 14120	60,000
Canton, Ohio 44706	60,000
Findlay, Ohio 45840	10,000
Louisville Refining Co.:	
Louisville, Ky. 40201	25,000
Valvoline Oil Co.:	
Freedom, Pa. 15042	6,500
Northwestern Refining Co.:	
St. Paul Park, Minn. 55071	62,336
Total	358,836
Marathon Oil Co.:	
Robinson, Ill. 62454	195,000
Detroit, Mich. 48217	65,000
Texas City, Tex. 77590	61,000
Total	321,000
Cities Service Oil Co.:	
Lake Charles, La. 70604	
East Chicago, Ind. 46312 [8]	
Total	268,000
Getty Oil Co:	
Delaware City, Del. 19706	140,000
Skelly Oil Co:	
El Dorado, Kan. 67042	78,731
Total	218,731
Coastal States Gas Producing Co.:	
Coastal States Petrochemical Co.:	
Corpus Christi, Tex. 78403	185,000
Derby:	
Wichita, Kan. 67201	27,982
Total	212,982
American Petrofina, Inc.:	
Mt. Pleasant, Tex. 75455	26,000
Eldorado, Kan. 67042	22,500
Port Arthur, Tex. 77640 [9]	83,300
Cosden Oil Co.:	
Big Springs, Tex. 79720	60,000
Total	191,800
Kerr-McGee Corp.:	
Wynnewood, Okla. 73098	34,000
Dubach, La. 71235	11,000
Cotton Valley Solvents Co.:	
Cotton Valley, La. 71018	11,000
Southwestern Refining, Inc.:	
Corpus Christi, Tex. 78408	114,000
Total	170,000
Commonwealth Oil Refining Co., Inc.:	
Ponce, Puerto Rico 00731	161,000
Champlin Petroleum Co.:	
Enid, Okla. 73701	53,800
Corpus Christi, Tex. 78408	62,186
Wilmington, Calif. 90744	30,600
Total	146,586
Murphy Oil Corp.:	
Superior, Wisc. 54880	45,400
Meraux, La. 70075	92,500
Total	137,900
Koch Refining Co.:	
Pine Bend, Minn. 55165 [10]	110,000
Clark Oil & Refining Corp.:	
Blue Island, Ill. 60406	69,023
Hartford, Ill. 62048 [11]	38,000
Total	107,023
Tenneco Oil Co.:	
Chalmette, La. 70043	103,000
Total capacity of companies controlling more than 100,000 b/d crude oil capacity	13,564,585
Companies controlling 30,001 to 100,000 b/d crude oil capacity:	
Crown Central Petroleum Corp.:	
Pasadena, Tex. 77001	100,000
Oil Shale Corp.:	
Bakersfield, Calif. 93303 [12]	40,000
El Dorado, Ark. [13]	47,000
Total	87,000
Charter International Oil Co.:	
Houston, Tex. [14]	70,000
Kern County Refinery, Inc:	
Bakersfield, Calif. 93307	15,900
Total	85,900
Texas City Refining Inc.:	
Texas City, Tex. 77590	74,500
Farmland Industries, Inc.:	
CRA, Inc. (Cooperative Refinery Association):	
Coffeyville, Kan. 67337	48,338
Phillipsburg, Kan. 67661	20,500
Scottsbluff, Nebr. 69361	5,000
Total	73,838
Tesoro Petroleum Corp.:	
Carrizo Springs, Tex. 78834	13,000
Newcastle, Wyo. 82701	10,000
Kenai, Alaska 99611	38,000
Wolf Point, Mont. 59201 [15]	2,500
Total	63,500
United Refining Co.:	
Warren, Pa. 16365	52,000
Osceola Refining Company:	
West Branch, Mich. 48661	9,500
Total	61,500
Pennzoil Co.:	
Rouseville, Pa. 16344	10,000
Elk Refining Co.:	
Falling Rock, W. Va. 25079	4,200
Atlas Processing Co.:	
Shreveport, La. 71109	45,000
Wolfs Head Oil Refining Co.:	
Reno, Pa. 16343	2,100
Total	61,300
Husky Oil Co.:	
Cheyenne, Wyo. 82001	24,171
Cody, Wyo. 82414	10,800
Salt Lake City, Utah 84054	25,000
Total	59,971
Apco Oil Corp.:	
Cyril, Okla. 73029	12,440
Arkansas City, Kans. 67005	46,230
Total	58,670

Footnotes at end of table.

Hawaiian Independent Refinery, Inc.:	
Pacific Resources:	
Barbers Point, Oahu 96706 [16]	54,833
National Cooperative Refinery Association:	
McPherson, Kans. 67460	54,150
Howell Corp.:	
Corpus Christi, Tex. 78408	47,000
Howell Hydrocarbons:	
San Antonio, Tex. 78299	3,600
Total	50,600
Diamond Shamrock Corp.:	
Sunray, Tex. 79086	46,393
Pasco Inc.:	
Sinclair, Wyo. 82334	46,000
Powerline Oil Co.:	
Santa Fe Springs, Calif. 90670	46,000
Earth Resources Co.:	
Delta Refining Co.:	
Memphis, Tenn. 38109	43,900
Farmers Union Central Exchange, Inc.:	
Laurel, Mont. 59044	42,500
Famariss Oil & Refining Co.:	
Monument, N. Mex. 88265	5,000
Lovington, N. Mex. 88260	37,000
Total	42,000
Monsanto Co.:	
Alvin, Tex. 77511	42,000
Total Leonard Inc.:	
Alma, Mich. 48801	42,000
Pride Refining Inc.:	
Abilene, Tex. 79604	36,500
Toro Petroleum Corp.:	
Ryder System:	
Port Allen, La. 70767	36,000
Swift & Co.:	
Vickers:	
Bell Oil & Gas:	
Ardmore, Okla. 73401	32,500
Total capacity of companies controlling 30,000 to 100,000 b/d crude oil capacity	1,341,555
Companies controlling 10,001 to 30,000 b/d crude oil capacity:	
Navajo Refining Co.:	
Artesia, N. Mex. 88210	29,930
Witco Chemical Corp.:	
Oildale, Calif. 93308	11,000
Bradford, Pa. 16701	9,000
Hammond, Ind. 46320	9,800
Total	29,800
Edington Oil Co.:	
Long Beach, Calif. 90805	10,500
Long Beach, Calif. 90805	19,000
Total	29,500
Guam Oil & Refining Co., Inc.:	
Agana, Guam 96910	29,500
Rock Island Refining Corp.:	
Rock Island, Ind. 46268	29,500
Good Hope Refineries, Inc.:	
Good Hope, La. 70004	29,450
Texas Eastern Transmission Corp.:	
LaGloria Oil & Gas Co.: Tyler, Tex. 75701	28,000
OKC Refinery Inc.:	
Okmulgee, Okla. 74447	25,000
Quaker State Oil Refining Corp.:	
Emlenton, Pa. 16373	3,000
St. Mary's (Ohio Valley), W. Va. 26170	5,000
Newell, W. Va. 26050	10,000
Farmer's Valley, Pa. 16701	7,000
Total	25,000

Footnotes at end of table.

Mohawk Petroleum Corp. Inc.:	
Bakersfield, Calif. 93302	22,100
Little America Refining Co.:	
Casper, Wyo. 82636	22,000
First General Resources Co.:	
The Refinery Corp.: Denver, Colo. 80022	21,500
North American Petroleum Corp.:	
Shallow Water, Kans 67871	10,000
La-Jet Corp.:	
St. James, La. 70086	11,000
Total	21,000
Southland Oil Co.:	
Yazoo City, Miss. 39194	4,200
Lumberton, Miss. 39455	5,800
Sandersville, Miss. 39477	11,000
Total	21,000
Crystal Oil Co.:	
Longview Refining Co.:	
Long View, Tex. 75601	7,500
Adobe Refining Co.:	
La Bianca, Tex. 78558	5,000
Berry Asphalt & Refining Co.:	
Stephens, Ark. 71764	3,240
Crystal-Princeton Refining Co.:	
Princeton, Ind. 47670 [17]	4,500
Total	20,240
Dow Chemical Co.:	
Bay City, Mich. 48706 (Chemical plant)	5,000
Bay Refining Co.:	
Bay City, Mich. 48706	15,000
Total	20,000
San Joaquin Refining Co.:	
Oildale, Calif. 93308	20,000
Winston Refining Co.:	
Fort Worth, Tex. 76101 [18]	20,000
Midland Cooperatives, Inc.:	
Cushing, Okla. 74023	19,600
U.S. Oil & Refining Co.:	
Tacoma, Wash. 98421	18,500
Fletcher Oil & Refining Co.:	
Carson, Calif. 90744	18,000
Hunt Oil Co.:	
Tuscaloosa, Ala. 35401	18,000
Indiana Farm Bureau Cooperative Association, Inc.:	
Mount Vernon, Ind. 47620	17,500
Marion Corp.—Refining Division:	
Theodore, Ala. 36606 [19]	17,250
Shaheen Natural Resources of New York:	
MacMillan Ring-Free Oil Co., Inc.:	
Signal Hill, Calif. 90806	12,200
Norphlet, Ark. 71759	4,400
Total	16,600
South Hampton Co.:	
Silsbee, Tex. 77656 [20]	16,017
Sunland Refining Corp.:	
Bakersfield, Calif. 93302	15,000
West Coast Oil Co.:	
Oildale, Calif. 93308	15,000
Canadian Hydrocarbons Ltd.:	
Thunderbird Resources Inc.:	
Kevin, Mont. 59464	5,123
Westland Oil Co.:	
Williston, N. Dak. 58801	5,000
Westco Refining Co.:	
Cut Bank, Mont. 59427	4,658
Chinook, Mont. 59523 [21]	------
Total	14,781
A. Johnson & Co., Inc.:	
Newington, N.H. 03801	14,000
Golden Eagle Refining Co., Inc.:	
Golden Eagle, Calif. 90745 [22]	13,000
Beacon Oil Co.:	
Hanford, Calif. 93230	12,100

Newhall Refining Co., Inc.:	
Newhall, Calif. 91322	11,500
Arizona Fuels Corp.:	
Fredonia, Ariz. 86011	3,000
Major Oil Corp.:	
Roosevelt, Utah 84066	7,500
Total	10,500
Total capacity of companies controlling 10,001 to 30,000 b/d crude oil capacity	690,868
Companies having 10,000 b/d crude oil capacity and less:	
Allied Chemical Corp.:	
Union Texas Petroleum:	
Winnie, Tex. 77665	9,400
Allied Materials Corp.:	
Stroud, Okla. 74079	5,500
Bayou State Oil Corp.:	
Hosston, La. 71043 [23]	3,500
NGL Supply, Inc.:	
C&H Refinery:	
Lusk, Wyo. 82225	450
Calumet Industries, Inc.:	
Calumet Refining Co.:	
Princeton, La. 71067	2,000
Anchor Gasoline Corp.:	
Canal Refining Co.:	
Church Point, La. 75025	3,500
Caribou Four Corners Oil Co.:	
Woods Cross, Utah 84087	5,000
Kirtland, N. Mex. 87417	2,000
Total	7,000
Claiborne Gasoline Co.:	
Lisbon, La. 71048	6,500
Charles J. Wood Petroleum Co.:	
Cross Oil & Refining Co. of Arkansas:	
Smackover, Ark. 71762	6,000
Crystal Refining Co.:	
Carson City, Mich. 48811	6,200
Dingman Oil & Refining Co., Inc.:	
Sabre Oil & Refining Co.:	
Bakersfield, Calif. 93308	3,500
Dorchester Gas Producing Co.:	
Cargray, Tex. 79097 (White Deer, Texas)	1,388
Eddy Refining Co.:	
Houston, Tex. 77001	3,250
Edgington Oxnard Refinery:	
Oxnard, Calif. 93032	2,500
Evangeline Refining Co., Inc.:	
Jennings, La. 70546	4,000
Flint Ink Corp.:	
Flint Chemical Co.:	
San Antonio, Tex. 78211	1,500
Gary Operating Co.:	
Gary Western Co.:	
Gilsonite, Colo. 81521	8,000
Giant Industries Inc.:	
Bloomfield, N. Mex. 87413	9,600
Gladieux Refinery, Inc.:	
Fort Wayne, Ind. 46803	8,500
Gulf States Oil & Refining Co.:	
Quitman, Tex. 75783 [24]	4,500
J & W Refining, Inc.:	
Palestine, Tex. 75801 [25]	10,000
Kentucky Oil & Refining Co.:	
Betsy Layne, Ky. 41605	1,000
Lakeside Refining Co.:	
Kalamazoo, Mich. 49005 [26]	4,000
Laketon Asphalt Refining, Inc.:	
Laketon, Ind. 46943	8,500
Mid-America Refining Co., Inc.:	
Chanute, Kans. 66720	3,000
Mid-Tex Refinery:	
Hearne, Tex. 77859 [27]	7,500
Morrison Petroleum Co.:	
Woods Cross, Utah 84087	1,500
Mountaineer Refining Co., Inc.:	
LaBarge, Wyo. 83123	700
National Oil Recovery Corp.:	
Bayonne, N.J. 07002	3,000
Northland Oil & Refining Co.:	
Dickinson, N. Dak. 58601	5,000
Oriental Refining Co.:	
Greybull, Wyo. 82426 [28]	150

Pioneer Refining Co.:	
Nixon, Tex. 78140	2,200
Plateau, Inc.:	
Surburban Propane Gas Corp.:	
Bloomfield, N. Mex. 87413	7,500
Road Oil Sales, Inc.:	
Bakersfield, Calif. 93308	1,500
Saber Petroleum Corp.:	
Corpus Christi, Tex. 78403 [29]	9,000
Sage Creek Refining Co., Inc.:	
Cowley, Wyo. 82420	1,000
Seminole Asphalt Refining Co.:	
St. Marks, Fla. 32355	6,000
Somerset Refining Co.:	
Somerset, Ky. 42501	2,900
Sound Refining Inc.:	
Kewanee Oil Co.;	
Tacoma, Wash. 98401	4,500
Southwestern Refining Co.:	
LaBarge, Wyo. 83123	500
Texas Asphalt & Refining Co.:	
Euless, Tex. 76039	6,000
Texas Fuel & Asphalt Co., Inc.:	
LaCosta, Tex. 78039	1,500
Thagard Oil:	
South Gate, Calif. 90280 [30]	3,222
Thriftway Oil Co.:	
Bloomfield, N. Mex. 87413	4,020
Graham, Tex. 76046	800
Total	4,820
Tonkawa Refining Co.:	
Arnett, Okla. 73832	5,000
United Independent Oil Co.:	
Tacoma, Wash., 98421 [31]	500
V-1 Oil Co.:	
Glenrock, Wyo	1,000
	Capacity b/d
Vulcan Asphalt Refining Co.:	
Cordova, Ala. 35550	5,000
Warrior Asphalt Corp.:	
Tuscaloosa, Ala. 35401	3,000
Western Refining Co.:	
Woods Cross, Utah 84087 [32]	10,000
Wickett Refining Co.:	
Wickett, Texas 79788 [33]	5,362
Wireback Oil Co.:	
Plymouth, Ill. 62367	1,200
Yetter Oil Co.:	
Colmar, Ill. 62327	1,000
Young Refining Corp.:	
Douglasville, Ga. 30134	5,000
Total capacity of companies having 10,000 b/d oil capacity and less	228,842
Grand total operating capacity for the United States, Puerto Rico, the Virgin Islands and Guam	15,825,850

FOOTNOTES

[1] Some asphalt plants are shut down during winter months and do not report any capacity to FEA.

[2] Closed down.

[3] Formerly Suntide Refining Co.

[4] Includes Arroyo Grande Refinery.

[5] Formerly BP.

[6] "Purchased from Empire International Inc. about 1969 and has been shut down ever since. It used to have 5,000 capacity but it is doubtful if it will ever be put back on stream."

[7] Formerly Douglas Oil of California.

[8] Shutdown.

[9] Formerly BP.

[10] Formerly Great Northern Oil Co.

[11] "Hartford planned expansion—ready April 1, 1975".

[12] Formerly Tosco-Petro.

[13] Formerly Lion Oil Co., Monsanto.

[14] Formerly Signal Oil & Gas Co.

[15] Formerly Spruce Oil Corporation

[16] Capacity as of 1 December expected to increase during allocation period.

[17] Formerly R. J. Oil Refining Co.

[18] Formerly Fort Worth Refining Co.

[19] Formerly Alabama Refining Co., Inc.

[20] Capacity as of 1 December expected to increase during allocation period.

[21] Formerly Diamond Asphalt Co. Some asphalt plants are shutdown during winter months and do not report any capacity to FEA.

[22] Formerly Carson Oil Company.

[23] Two refineries combined

[24] Formerly Wood County Refining Co.

[25] Formerly Anderson Refining Co.

[26] "Plant shut down since Sept. 2, 1974 for rehabilitation—uncertain as to when it will be back on stream."

[27] "Note: New facility—hope to go on stream about July 1974. They will call us when ready."

[28] Formerly Gordon Refinery Co., owned by Flank Oil Co.

[29] "Looking for land to locate refinery purchased from Sun-hope to go on stream Oct., 1974—by Dec. 1974?"; Capacity as of 1 Dec. expected to increase during allocation period.

[30] Formerly Lunday-Thagard Company.

[31] "Hope to start up Oct. 15, 1974 (Start up 'near the end of Dec.')" Capacity as of 1 Dec. expected to increase during allocation period.

[32] Formerly Crown Refining Company, Inc.

[33] Capacity as of 1 December expected to increase during allocation period

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By Mr. CHURCH:

S. 862. A bill to amend the Social Security Act to provide for the coverage of certain drugs under part A of the health insurance program established by title XVIII of such act. Referred to the Committee on Finance.

COVERAGE OF ESSENTIAL OUT-OF-HOSPITAL PRESCRIPTION DRUGS UNDER MEDICARE

Mr. CHURCH. Mr. President, I introduce for appropriate reference a bill to extend medicare coverage to include out-of-hospital prescription drugs which are necessary for the treatment of crippling or life-threatening afflictions.

Medicare now provides coverage for most prescription drugs which are administered while patients are confined to a hospital or skilled nursing facility. But it does not provide protection for older or disabled Americans who require drugs on an outpatient basis.

This lack of coverage is one of the most serious gaps in the entire medicare program.

For fiscal year 1973 the elderly's expenditures for drugs and drug sundries amounted to almost $2.1 billion. And the overwhelming proportion of this total—approximately 88 percent—was financed from private resources.

In fact, private expenditures by the aged for drugs rank second only to hospital care. Drugs now account for almost 23 percent of all private health expenses for older Americans.

Perhaps even more significant, this cost falls most heavily upon those who can least afford it—the low-income aged who suffer from chronic conditions. Approximately 15 percent of all older Americans are afflicted with severe chronic conditions. And drug costs for this group are nearly six times as great as for younger Americans.

Today one of the greatest threats to the economic security of the elderly is the high cost of illness.

Despite the valuable protection which medicare provides, it covers only 40 percent of the aged's health care costs. And, this coverage is clearly on the decline.

Per capita medical expenses for persons 65 or older amount to $1,052 per year, or nearly 3 times as great for individuals in the 19 to 64 age category and over 6 times as great for persons under 19.

The net impact is that the elderly now pay more in out-of-pocket payments for health care than the year before medicare became law. In 1973 an aged person directly paid an average of $311, or $75 more than in 1966.

Coverage of out-of-hospital prescriptions for crippling or life threatening conditions would clearly be an important and helpful step in closing a major gap in medicare coverage.

This protection is, in my judgment, not only indispensable for the elderly, but it is also long overdue.

The need for this coverage has been reaffirmed time and time again by numerous leading authorities, including a Presidential Task Force on Aging, the 1971 Social Security Advisory Council, the White House Conference on Aging, and national senior citizen organizations.

Today some hospital stays are prolonged simply to enable medicare patients to obtain reimbursements for their drug costs. This practice is not only wasteful, but it also drives up medical expenditures because institutionalization is the most expensive form of health care.

During the past Congress the Senate again put itself on record in support of medicare coverage for essential out-of-hospital prescription drugs. Unfortunately no action was taken on that proposal in conference committee.

This year, however, I am hopeful that medicare coverage can at long last be extended to prescriptions necessary for the treatment of crippling or life-threatening afflictions.

Mr. President, I ask unanimous consent that the text of this 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. 862

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 226(c)(1) of the Social Security Act is amended by striking out "and post-hospital home health services" and inserting in lieu thereof "post-hospital home health services, and eligible drugs".

(b) Section 1811 of the Social Security Act is amended by inserting "and eligible drugs" after "related post-hospital services".

(c) Section 1812(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

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

"(4) eligible drugs.".

(d) Section 1813(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) The reasonable allowance, as defined in section 1813, for eligible drugs furnished an individual pursuant to any one prescription (or each renewal thereof) and pur-

chased by such individual at any one time shall be reduced by an amount equal to the applicable prescription copayment obligation which shall be $1."

(e)(1) Section 1814(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (6);

(B) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (7) the following new paragraph:

"(8) with respect to drugs or biologicals furnished pursuant to and requiring (except for insulin) a physician's prescription, such drugs or biologicals are eligible drugs as defined in section 1861(t) and the participating pharmacy (as defined in section 1861(dd)) has such prescription in its possession, or some other record (in the case of insulin) that is satisfactory to the Secretary."

(2) Section 1814(b) of such Act is amended—

(A) by inserting "(1)" after "(b)",

(B) by inserting "(other than a pharmacy)" immediately after "provider of services",

(C) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(D) by redesignating clauses (A) and (B) of paragraph (1) as clauses (i) and (ii), respectively, and

(E) by adding at the end thereof the following new paragraph:

"(2) The amount paid to any participating pharmacy which is a provider of services with respect to eligible drugs for which payment may be made under this part shall, subject to the provisions of section 1813, be the reasonable allowance (as defined in section 1822) with respect to such drugs."

(f) Section 1814 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Limitation on Payment for Eligible Drugs

"(j) Payment may be made under this part for eligible drugs only when such drugs are dispensed by a participating pharmacy; except that payment under this part may be made for eligible drugs dispensed by a physician where the Secretary determines, in accordance with regulations, that such eligible drugs were required in an emergency or that there was no participating pharmacy available in the community, in which case the physician (under regulations prescribed by the Secretary) shall be regarded as a participating pharmacy for purposes of this part with respect to the dispensing of such eligible drugs."

(g) Part A of title XVIII of the Social Security Act is further amended by adding after section 1818 the following new sections:

"MEDICARE FORMULARY COMMITTEE

"SEC. 1819. (a)(1) There is hereby established, within the Department of Health, Education, and Welfare, a Medicare Formulary Committee (hereinafter referred to as the 'Committee'), a majority of whose members shall be physicians and which shall consist of the Commissioner of Food and Drugs and of four individuals (not otherwise in the employ of the Federal Government) who do not have a direct or indirect financial interest in the composition of the Formulary established under this section and who are of recognized professional standing and distinction in the fields of medicine, pharmacology, or pharmacy, to be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Chairman of the Committee shall be elected annually from the appointed members thereof, by majority vote of the members of the Committee.

"(2) Each appointed member of the Committee shall hold office for a term of five years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, one at the end of each of the first five years. A member shall not be eligible to serve continuously for more than two terms.

"(b) Appointed members of the Committee, while attending meetings or conferences thereof or otherwise serving on business of the Committee, shall be entitled to receive compensation at rates fixed by the Secretary (but not in excess of the daily rate paid under GS-18 of the General Schedule under section 5332 of title 5, United States Code), including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(c)(1) The Committee is authorized, with the approval of the Secretary, to engage or contract for such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Committee such secretarial, clerical, and other assistance as the Formulary Committee may require to carry out its functions.

"(2) The Secretary shall furnish to the Committee such office space, materials, and equipment as may be necessary for the Formulary Committee to carry out its functions.

"MEDICARE FORMULARY

"SEC. 1820. (a)(1) The Committee shall compile, publish, and make available a Medicare Formulary (hereinafter in this title referred to as the 'Formulary').

"(2) The Committee shall periodically revise the Formulary and the listing of drugs so as to maintain currency in the contents thereof.

"(b)(1) The Formulary shall contain an alphabetically arranged listing, by established name, of those drug entities within the following therapeutic categories:

"Adrenocorticoids,
"Anti-anginals,
"Anti-arrhythmics,
"Anti-coagulants,
"Anti-convulsants (excluding phenobarbital),
"Anti-hypertensives,
"Anti-neoplastics,
"Anti-Parkinsonism agents,
"Anti-rheumatics,
"Bronchodilators,
"Cardiotonics,
"Cholinesterase inhibitors,
"Diuretics,
"Gout suppressants,
"Hypoglycemics,
"Miotics,
"Thyroid hormones,
"Tuberculostatics,

which the Committee decides are necessary for individuals using such drugs. The Committee shall exclude from the Formulary any drug entities (or dosage forms and strengths thereof) which the Committee decides are not necessary for proper patient care, taking into account other drug entities (or dosage forms and strengths thereof) which are included in the Formulary.

"(2) Such listing shall include the specific dosage forms and strengths of each drug entity (included in the Formulary in accordance with paragraph (1)) which the Committee decides are necessary for individuals using such drugs.

"(3) Such listing shall include the prices at which the products (in the same dosage form and strength) of such drug entities are generally sold by the suppliers thereof and the limit applicable to such prices under section 1822(b)(1) for purposes of determining the reasonable allowance.

"(4) The Committee may also include in the Formulary, either as a separate part (or parts) thereof or as a supplement (or supplements) thereto, any or all of the following information:

"(A) A supplemental list or lists, arranged by diagnostic, prophylactic, therapeutic, or other classfications, of the drug entities (and dosage forms and strengths thereof) included in the listing referred to in paragraph (1).

"(B) The proprietary names under which products of a drug entity listed in the Formulary by established names (and dosage form and strength) are sold and the names of each supplier thereof.

"(C) Any other information with respect to eligible drug entities which in the judgment of the Committee would be useful in carrying out the purposes of this part.

"(c) In considering whether a particular drug entity (or strength or dosage form thereof) shall be included in or excluded from the Formulary, the Committee is authorized to obtain (upon request therefor) any record pertaining to the characteristics of such drug entity which is available to any other department, agency, or instrumentality of the Federal Government, and to request suppliers or manufacturers of drug and other knowledgeable persons or organizations to make available to the Committee information relating to such drug. If any such record or information (or any information contained in such record) is of a confidential nature, the Committee shall respect the confidentiality of such record or information and shall limit its usage thereof to the proper exercise of its authority.

"(d)(1) The Committee shall establish such procedures as it determines to be necessary in its evaluation of the appropriateness of the inclusion in or exclusion from the Formulary, of any drug entity (or dosage form or strength thereof). For purposes of inclusion in or exclusion from the Formulary the principal factors in the determination of the Committee shall be—

"(A) the factor of clinical equivalence in the case of the same dosage forms in the same strengths of the same drug entity, and

"(B) the factor of relative therapeutic value in the case of similar or dissimilar drug entities in the same therapeutic category.

"(2) The Committee, prior to making a final decision to remove from listing in the Formulary any drug entity (or dosage forms or strengths thereof) which is included therein, shall afford a reasonable opportunity for a formal or informal hearing on the matter to any person engaged in manufacturing, preparing, compounding, or processing such drug entity who shows reasonable ground for such a hearing.

"(3) Any person engaged in the manufacture, preparation, compounding, or processing of any drug entity (or dosage forms or strengths thereof) not included in the Formulary which such person believes to possess the requisite qualities to entitle such drug to be included in the Formulary pursuant to subsection (b) may petition for inclusion of such drug entity and, if such petition is denied by the Formulary Committee, shall, upon request therefor, showing reasonable grounds for a hearing, be afforded a formal or informal hearing on the matter in accordance with rules and procedures established by such Committee.

"LIMITATIONS ON MEDICARE PAYMENT FOR CHARGES OF PROVIDERS OF SERVICES

"SEC. 1821. (a) Any provider of services as defined in section 1861(u), whose services

are otherwise reimbursable, under any program under this Act in which there is Federal financial participation on the basis of 'reasonable cost', shall not be entitled to a professional fee or dispensing charge or reasonable billing allowance as determined pursuant to this part.

"(b) A fee, charge, or billing allowance shall not be payable under this section with respect to any drug entity that (as determined in accordance with regulations) is furnished as an incident to a physician's professional service, and is of a kind commonly furnished in physicians' offices and commonly either rendered without charge or included in the physicians' bills.

"REASONABLE ALLOWANCE FOR ELIGIBLE DRUGS

"SEC. 1822. (a) For purposes of this part, the term 'reasonable allowance' when used in reference to an eligible drug (as defined in subsection (h) of this section) means the following:

"(1) When used with respect to a prescription legend drug entity, in a given dosage form and strength, such term means the lesser of—

"(A) an amount equal to the customary charge at which the participating pharmacy sells or offers such drug entity, in a given dosage form and strength, to the general public, or

"(B) the price determined by the Secretary, in accordance with subsection (b) of this section, plus the professional fee or dispensing charges determined in accordance with subsection (c) of this section.

"(2) When used with respect to insulin such term means the charge not in excess of the reasonable customary price at which the participating pharmacy offers or sells the product to the general public, plus a reasonable billing allowance.

"(b)(1) For purposes of establishing the reasonable allowance in accordance with subsection (a) the price shall be (A) in the case of a drug entity (in any given dosage form and strength) available from and sold by only one supplier, the price at which such drug entity is generally sold (to establishments dispensing drugs), and (B) in any case in which a drug entity (in any given dosage form and strength) is available and sold by more than one supplier, only each of the lower prices at which the products of such drug entity are generally sold (and such lower prices shall consist of only those prices of different suppliers sufficient to assure acual and adequate availability of the drug entity, in a given dosage form and strength, at such prices in a region).

"(2) If a particular drug entity (in a given dosage form and strength) in the Formulary is available from more than one supplier, and the product of such drug entity as available from one supplier possesses demonstrated distinct therapeutic advantages over other products of such drug entity as determined by the Committee on the basis of its scientific and professional appraisal of information available to it, including information and other evidence furnished to it by the supplier of such drug entity, then the reasonable allowance for such supplier's drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(3) If the prescriber, in his handwritten order, has specifically designated a particular product of a drug entity (and dosage form and strength) included in the Formulary by its established name together with the name of the supplier of the final dosage form thereof, the reasonable allowance for such drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(e)(1) For the purpose of establishing the reasonable allowance (in accordance with subsection (a)), a participating pharmacy, shall, in the form and manner prescribed by the Secretary, file with the Secretary, at such times as he shall specify, a statement of its professional fee or other dispensing charges.

"(2) A participating pharmacy, which has agreed with the Secretary to serve as a provider of services under this part, shall, except for subsection (a)(1)(A), be reimbursed, in addition to any price provided for in subsection (b), the amount of the fee or charges filed in paragraph (1), except that no fee or charges shall exceed the highest fee or charges filed by 75 per centum of participating pharmacies (with such pharmacies classified on the basis of (A) lesser dollar volume of prescriptions and (B) all others) in a census region which were customarily charged to the general public as of June 1, 1975. Such prevailing professional fees or dispensing charges may be modified by the Secretary in accordance with criteria and types of data comparable to those applicable to recognition of increases in reasonable charges for services under section 1842.

"(3) A participating pharmacy shall agree to certify that, whenever such pharmacy is required to submit its usual professional fee or dispensing charge for a prescription, such charge does not exceed its customary charge."

(h) Section 1861(t) of the Social Security Act is amended—

(1) by inserting ", or as are approved by the Formulary Committee" after "for use in such hospital"; and

(2) by adding at the end thereof the following new sentence: "The term 'eligible drug' means a drug or biological which (A) can be self-administered, (B) requires a physician's prescription (except for insulin), (C) is prescribed when the individual requiring such drug is not an inpatient in a hospital or extended care facility, during a period of covered care, (D) is included by strength and dosage forms among the drugs and biologicals approved by the Formulary Committee, (E) is dispensed (except as provided by section 1814(j)), by a pharmacist from a participating pharmacy, and (F) is dispensed in quantities consistent with proper medical practice and reasonable professional discretion."

(i) Section 1861(u) of the Social Security Act is amended by striking out "home health agency," and inserting in lieu thereof "home health agency, pharmacy,".

(j) Section 1861 of the Social Security Act is further amended by adding at the end thereof the following new subsection:

"Participating Pharmacy

"(dd) The term 'participating pharmacy' means a pharmacy, or other establishment (including the outpatient department of a hospital) providing pharmaceutical services (1) which is licensed as such under the laws of the State (where such State requires such licensure) or which is otherwise lawfully providing pharmaceutical services in which such drug is provided or otherwise dispensed in accordance with this title, (2) which has agreed with the Secretary to act as a provider of services in accordance with the requirements of this section, and which complies with such other requirements as may be established by the Secretary in regulations to assure the proper, economical, and efficient administration of this title, (3) which has agreed to submit, at such frequency and in such form as may be prescribed in regulations, bills for amounts payable under this title for eligible drugs furnished under part A of this title, and (4) which has agreed not to charge beneficiaries under this title any amount in excess of those allowable under this title with respect to eligible drugs except as is provided under section 1813(a)(4), and except for so much of the charge for a prescription (in the case of a drug product prescribed by a physician, of a drug entity in a strength and dosage form included in the Formulary where the price at which such product is sold by the supplier thereof exceeds the reasonable allowance) as in excess of the reasonable allowance established for such drug entity in accordance with section 1822."

(k)(1) The first sentence of section 1866 (a)(2)(A) of the Social Security Act is amended by striking out "and (ii)" and inserting in lieu thereof the following: "(ii) the amount of any copayment obligation and excess above the reasonable allowance consistent with section 1861(dd)(4) and (iii)".

(2) The second sentence of section 1866 (a)(2)(A) of such Act is amended by striking out "clause (ii)" and inserting in lieu thereof "clause (iii)".

(l) The amendments made by this section shall apply with respect to eligible drugs furnished on and after the first day of January 1976.

SEC. 2. (a) Section 1401 (b) of the Internal Revenue Code of 1954 (relating to rate of hospital insurance tax on self-employment income) is amended—

(1) in clause (3), by striking out "1978" and inserting in lieu thereof "1976",

(2) by inserting after clause (3) thereof the following new clause:

"(4) in the case of any taxable year beginning after December 31, 1975, and before January 1, 1978, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;",

(3) in clause (4), by (A) striking out "(4)" and inserting in lieu thereof "(5)", and (B) striking out "1.10" and inserting in lieu thereof "1.2",

(4) in clause (5), by (A) striking out "(5)" and inserting in lieu thereof "(6)", and (B) striking out "1.35" and inserting in lieu thereof "1.45", and

(5) in clause (6), by striking out "(6)" and inserting in lieu thereof "(7)", and (B) striking out "1.50" and inserting in lieu thereof "1.60".

(b) Section 3101(b) of such Code (relating to rate of hospital insurance tax on employees) is amended—

(1) in clause (3), by striking out "1977" and inserting in lieu thereof "1975",

(2) by inserting after clause (3) thereof the following new clause:

"(4) with respect to wages received during the calendar years 1976 through 1977, the rate shall be 1.0 percent;",

(3) in clause (4), by (A) striking out "(4)" and inserting in lieu thereof "(5)", and (B) striking out "1.10" and inserting in lieu thereof "1.2",

(4) in clause (5), by (A) striking out "(5)" and inserting in lieu thereof "(6)", and (B) by striking out "1.35" and inserting in lieu thereof "1.45", and

(5) in clause (6), by (A) striking out "(6)" and inserting in lieu thereof "(7)", and (B) striking out "1.50" and inserting in lieu thereof "1.60".

(c) Section 3111(b) of such Code (relating to rate of hospital insurance tax on employers) is amended—

(1) in clause (3), by striking out "1977" and inserting in lieu thereof "1975",

(2) by inserting after clause (3) thereof the following new clause:

"(4) with respect to wages paid during the calendar years 1976 through 1977, the rate shall be 1.0 percent;",

(3) in clause (4), by (A) striking out "(4)" and inserting in lieu thereof "(5)", and (B) striking out "1.10" and inserting in lieu thereof "1.2",

(4) in clause (5), by (A) striking out "(5)" and inserting in lieu thereof "(6)", and (B) striking out "1.35" and inserting in lieu thereof "1.45", and

(5) in clause (6), by (A) striking out "(6)" and inserting in lieu thereof "(7)", and (B) striking out "1.50" and inserting in lieu thereof "1.60".

By Mr. PEARSON (for himself, Mr. HARTKE, Mr. STEVENSON, and Mr. WEICKER):

S. 863. A bill to regulate commerce by improving the procedures of the Interstate Commerce Commission with respect to abandonments of lines of railroad and terminations of rail service and by providing for the continuation of essential but economically nonviable local rail services, and for other purposes. Referred to the Committee on Commerce.

LOCAL RAIL SERVICES ACT OF 1975

Mr. PEARSON. Mr. President, I introduce today, for myself, and Mr. HARTKE, Mr. STEVENSON, and Mr. WEICKER, the Local Rail Services Act of 1975. I ask unanimous consent that the text of this bill, along with a section-by-section summary of its provisions, be printed in the RECORD immediately following these remarks.

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

Mr. PEARSON. Mr. President, the U.S. rail transportation system has suffered for many years because the Congress and the Interstate Commerce Commission have failed to establish a rational policy for light density line abandonments. Because of archaic accounting procedures adopted by the Commission, and protracted proceedings required by the Commission in considering petitions for abandonment, the railroads have been forced over the years to serve thousands of miles of light density lines at a financial loss. Because some light density branch line operations are uneconomic, the railroads have neglected their duty to maintain these lines at the minimum standards required for efficient rail transportation. As the maintenance of these properties has deteriorated, revenues attributable to the properties have declined and service to shippers and receivers has fallen below any reasonable standard which may be applied to the duties of a common carrier.

Mr. President, because of the failure of the Congress and the Commission to define a pragmatic and effective policy for abandonment, hundreds of communities throughout the United States suffer from marginal rail service and the prospect of termination of service and abandonment of rail properties. Most of these communities suspect that their rail service is in jeopardy, but they cannot anticipate the date upon which they will be forced to turn to alternative modes for essential transportation services. The notice to communities, shippers and receivers, under existing procedures is contemporaneous with the filing of a petition for abandonment with the ICC.

Under current practices, those communities and shippers who choose to protest a proposed abandonment are ill-equipped to refute the evidence submitted by the carrier to justify the petition. The railroads usually are successful in documenting their case for abandonment of a property because the carriers, and only the carriers, have the information and economic data upon which such decisions rationally can be made.

Mr. President, the bill we introduce today contains several crucial elements which must be incorporated in a responsible abandonment policy and program. Our proposal provides for notice to interested parties well in advance of any abandonment of rail properties or termination of rail services on a line. The bill provides that carriers by rail should not be obligated to continue without adequate compensation uneconomic services to communities.The legislation reflects the view, however, that certain rail services, while uneconomic to the carrier, are nonetheless essential to the economies and survival of local communities which rely upon such services for access to the mainstream of the national economy. Therefore, our legislation provides for subsidies, at the option of the affected States and localities, to maintain essential rail services and provide the performing carrier with a reimbursement of his cost and a reasonable return.

Mr. President, under the bill we introduce today, a State or locality would be required to provide 30 percent of the subsidy needed to forestall abandonment or termination of rail services. The Federal share of such subsidy would be 70 percent for a maximum term of 8 years. After the expiration of the 8-year term of Federal participation, the affected local communities could make the decision either to permit the abandonment or to continue operations at their own cost.

Mr. President, the Committee on Commerce was confronted with a difficult policy question during consideration of the Regional Rail Reorganization Act of 1973. The committee recognized that any rational restructuring of the bankrupt carriers in the 17-State region would, of necessity, entail the abandonment of thousands of miles of uneconomic branch lines and duplicative main lines. Today the U.S. Railway Association, in publishing its preliminary system plan, has recommended that some 6,200 lines of railroad right-of-way be abandoned. It is apparent that the Committee was essentially correct in anticipating this determination.

Mr. President, our Committee on Commerce in the Regional Rail Reorganization Act adopted, in modified form, a proposal which I initially submitted in August 1972. The proposal, essentially, was to provide a local-option alternative to abandonment with authority for Federal and local sharing of any operating subsidy cost. Under the terms of title IV of the act, the States and localities in the Northeast and the Midwest region now have the opportunity to continue services on those lines designated as candidates for abandonment in the plan. I anticipate that services considered essential to the economies of local communities in the region will be subsidized rather than abandoned.

Because authority for operating subsidies under title IV of the 1973 act expires after only 2 years, it is necessary for Congress now to establish a reasonable follow-on program upon which State and local planners can depend for a degree of stability in their essential local rail service pattern. The legislation we offer today provides the needed stability. When the Regional Rail Reorganization Act was approved initially in the Senate, this rail assistance program was made available nationwide. Unfortunately, the Senate had no choice but to recede in conference and limit the benefits of title IV to the affected 17-State area.

Mr. President, the legislation we offer today establishes a single national policy for rail line abandonment in America. The eligibility for rail assistance and subsidy is extended nationwide. Also, adequate appropriation authorization of $100 million per year is provided to insure that each locality threatened with abandonment will have the opportunity to secure Federal matching funds to maintain rail services considered essential.

Mr. President, I conclude by suggesting that the cost of this legislation will be limited by the degree of commitment of the States and localities to their access to the national rail transportation system. I am gratified that some of my colleagues on the committee have joined me on the introduction of this bill. I urge that it be scheduled for hearings at the earliest possible time.

S. 863

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 "Local Rail Services Act of 1975".

SEC. 2. Sections 1(18) through 1(22) of the Interstate Commerce Act (49 U.S.C. 1(18)–1(22)) are amended to read as follows:

"(18) No carrier by railroad subject to this part shall undertake the extension of any of its lines of railroad or the construction of a new line of railroad, and no such carrier shall acquire or operate any additional line of railroad or any extension thereof or engage in transportation over or by means of such additional or extended line of railroad, unless and until the Commission has issued a certificate that the present or future public convenience and necessity require or will require the construction or operation of such additional or extended line of railroad. Notwithstanding this paragraph and section 5, carriers by railroad subject to this part may, without the approval of, but with notification to, the Commission, enter into contracts, agreements, and other arrangements for the joint ownership or joint use of spur, industrial, team, switching, or side tracks.

"(19) The application for, and issuance of, a certificate required by paragraph (18) shall be subject to such rules and regulations (as to hearings and other matters) as the Commission may from time to time prescribe. The provisions of this part shall apply to all proceedings relevant thereto. Upon receipt of an application for such a certificate, the Commission shall notify and send a copy of such application to the Governor of each State in which such additional or extended line of railroad is proposed to be constructed or operated. Such Governor and any other interested person shall have a right to be heard on such application, in the manner and to the extent provided hereinafter with respect to the hearing of complaints on the issuance of securities. A copy of such notice shall also be published for three consecutive weeks in a newspaper of general circulation in each county in or through which such line of railroad is proposed to be constructed or operated, and a summary thereof shall be published in the Federal Register.

"(20) The Commission may (a) issue the certificate required by paragraph (18) in the form requested by the carrier in its application therefor; (b) refuse to issue such certificate; or (c) issue such certificate with modifications limiting it to only part of the

line or extension requested in such application. The Commission may condition the issuance of such certificate upon compliance with such terms and conditions as are required, in its judgment, by the public convenience and necessity. Upon issuance of such certificate, and not before, the applicant carrier by railroad may proceed with the construction or operation covered thereby: *Provided*, That such carrier complies with any applicable terms and conditions imposed by the Commission.

"(21) The Commission may, upon petition by any person or upon its own initiative, authorize or require any carrier by railroad subject to this part to provide adequate, efficient, and safe facilities for the performance of its car service obligation under this part: *Provided*, That no such authorization or order shall be made unless the Commission finds that the expense involved therein will not impair the ability of the carrier to perform its obligations to the public.

"(22)(A) No carrier by railroad subject to this part shall abandon all or any portion of a line of railroad (hereinafter in this section referred to as 'abandonment') or terminate rail service over all or any portion of a line of railroad (hereinafter in this section referred to as 'termination') unless and until the Commission has issued, in accordance with this paragraph, a certificate declaring that the present or future public convenience and necessity permit such abandonment or termination. Such a carrier may file with the Commission, in accordance with such rules and regulations as to form, manner, content, and documentation as the Commission may from time to time prescribe, an application for such a certificate of abandonment or termination, including a notice of intent to abandon or terminate. Abandonments and terminations shall be governed by the provisions of this paragraph and of any other applicable Federal statute, notwithstanding any inconsistent or contrary provision of the laws or constitution of any State and notwithstanding any otherwise applicable decision or order of, or any pending proceeding before, any administrative or judicial body of any State.

"(B) A carrier filing a notice of intent with the Commission pursuant to this paragraph shall simultaneously certify to the Commission that a copy of such notice (i) has been served by mail upon the Governor of each State and the chief executive of each political subdivision thereof in which is located any portion of the line of railroad involved in the proposed abandonment or termination; (ii) has been posted in each terminal and station on such line of railroad; (iii) has been published for three consecutive weeks in a newspaper of general circulation in each county in which all or any part of such line of railroad is located; and (iv) has been mailed to all shippers and receivers who have made significant use (as determined by the Commission in its discretion) of such line of railroad during the preceding 12 months. The application and any notice required by this subparagraph shall be filed with the Commission and served, posted, published, and mailed not less than 90 days prior to the proposed date of abandonment or termination.

"(C) Upon the filing of an application for abandonment or termination, and during the 90-day period required by subparagraph (B) between such filing and the proposed date of such abandonment or termination, the Commission shall, upon petition by any person or upon its own initiative, investigate the action proposed in such application. If no such investigation is commenced, the Commission shall issue the certificate required by this paragraph at the expiration of such 90-day period, upon a finding that the public convenience and necessity permit the abandonment or termination proposed in such application. If an investigation is commenced, the Commission shall postpone the effective date of such abandonment or termination, in whole or in part, pending the outcome of such investigation: *Provided*, That an order of the Commission to such effect shall be served upon any carrier affected thereby not less than ten days prior to the expiration of such 90-day period. No such postponement shall extend more than 7 months beyond the date when such abandonment or termination would otherwise have become effective. If, upon the conclusion of such investigation, the Commission finds that the public convenience and necessity do not permit such abandonment or termination, it shall refuse to issue such certificate. Any such investigation may include public hearings, pursuant to such reasonable rules as the Commission may prescribe, at any location on or reasonably adjacent to the involved line of railroad. Such hearings may be held upon the request of any interested party or upon the Commission's own motion. The burden of proof in any such investigation shall be upon the carrier seeking to abandon or terminate.

"(D) Actual abandonment or termination shall take effect no less than 60 days after the Commission issues a certificate upon an order finding that such abandonment or termination is consistent with the public convenience and necessity. Such order may authorize the abandonment or termination described in the application filed with it or only a specified part thereof. The Commission may condition the issuance of such a certificate on compliance with such terms and conditions as are required, in its judgment, by the public convenience and necessity. In determining whether to issue such a certificate, the Commission shall consider such factors as it finds appropriate, including but not limited to the following: losses in operating the line of railroad involved, as measured by costs of service, including maintenance cost and the cost of repairs and improvements necessary to operate such line at the physical standard necessary to provide safe, reliable, and efficient rail service; extent of actual use of, and need for, such line by shippers and receivers; the interests of carrier employees affected; and the requirements of an efficient and economical transportation system.

"(E)(i) Notwithstanding any other provision of this part, abandonment or termination shall be authorized and the required certificate issued by the Commission if the avoidable costs of providing rail service plus a reasonable return on the value of the rail properties involved in the applicable line of railroad exceed the revenues attributable to such rail properties. The terms, 'avoidable costs of providing service', 'reasonable return on the value', and 'revenues attributable to the rail properties', and variants thereof, as used in this Act, shall be defined as provided in section 205(d)(3) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985, 45 U.S.C. 715(d)(3).

"(ii) Whenever the Commission makes a finding that the public convenience and necessity permit an abandonment or termination, the Commission shall concurrently make a determination of the extent to which the avoidable costs of providing rail service plus a reasonable return on the value of the rail properties involved exceed the revenues attributable to the line of railroad or the rail service involved.

"(23) Any construction or operation contrary to paragraph (18) of this section and any abandonment or termination contrary to paragraph (22) of this section may be enjoined by any appropriate district court of the United States in a civil action commenced by the United States, the Commission, the attorney general of an affected State, a commission or transportation regulatory body of an affected State, or any party in interest. Any carrier by railroad which violates, and any director, officer, receiver, operating trustee, lessee, agent, or other person acting for or employed by such carrier who knowingly authorizes, consents to, or permits any violation of the provisions of paragraph (18), (19), (20), (21), or (22) of this section shall, upon conviction, be fined not more than $5,000 or imprisoned for not more than three years, or both.

"(24) The authority granted to the Commission under paragraphs (18) through (22) of this section shall not extend to the construction, acquisition, or abandonment of spur, industrial, team, switching, or side tracks which are located, or intended to be located, wholly within one State, or to street, suburban, or interurban electric railways which are not operated as part of any general system of rail transportation.

"(25)(A) Within 120 days after the date of enactment of this paragraph, each carrier by railroad subject to this part shall prepare and submit to the Commission, and publish in accordance with such regulations as the Commission shall prescribe, a full and complete diagram of its transportation system. Such diagram shall include a full description of such carrier's low-density rail lines, as that term shall be defined by the Commission. The Commission, in adopting by rule a definition of "low-density rail lines" for purposes of this part, may adopt standards which vary by region of the Nation or by railroad or groups of railroads. Such diagram shall further identify any line of railroad which such carrier by railroad plans to seek authority to abandon or over which it plans to terminate rail service. A carrier by railroad shall amend such diagram to reflect any change in its transportation system and as the Commission may otherwise prescribe.

"(B) No carrier by railroad subject to this part shall abandon any line of railroad or portion thereof, or terminate rail service over any such line or portion, if such abandonment or termination is opposed by any person who has used such line or service during the preceding 12 months or if such abandonment or termination is opposed by any State or political subdivision thereof in which such line is located, unless such line of railroad has been identified as a line which such carrier by railroad plans to seek authority to abandon or over which it plans to terminate rail service on the diagram required by subparagraph (A) and such diagram has been on file with the Commission for a period of not less than 12 months.

"(26) No carrier by railroad subject to this part shall abandon any line of railroad or portion thereof, or terminate rail service over any such line or portion, unless and until such carrier has arranged adequately to protect the interests of employees affected by such abandonment or termination. Such protective arrangements shall be those agreed to by such carrier and the representatives of its employees or, in the absence of such agreement, as the Commission shall determine. Such protective arrangements shall be included in an order to be issued by the Commission at the end of the 90-day period, or during the 7-month period, whichever is applicable. Any such arrangements shall protect individual employees for a period of not less than six years (or for a shorter period equivalent to the duration of their employment with such carrier with respect to any employee with less than six years seniority) from the date first affected, against a worsening of their positions with respect to their employment. Such arrangements shall include such provisions as may be necessary:

"(A) to provide for notice, negotiation, and timely execution of implementing agreements: *Provided*, That the abandonment or termination may take effect pursuant to the Commission's order if it does not affect the interests of employees. Whenever any implementing agreements have not been executed prior to such abandonment or termination, or within 30 days thereafter, either

party may submit any unresolved questions in connection with such protective arrangements for binding arbitration. The arbitration decision shall, if possible, be rendered within 30 days after such submission, but if such decision is for any reason delayed beyond such period, the rights of the parties to such arbitration shall not be affected;

"(B) to preserve all compensation (including subsequent wage increases), rights, privileges, and benefits (including fringe benefits, such as pensions, health care, and vacations, for the same length of time and under the same conditions that such benefits are accorded to employees of the carrier in active service or on furlough, respectively) granted to such employees under existing collective bargaining agreements or otherwise; and

"(C) to provide for the arbitration of disputes, arising out of such protective arrangements, which cannot be settled by the parties. In such arbitrations the burden shall be upon the carrier party thereto to prove that the employee was not affected by the abandonment or termination. In no event shall said arrangements provide benefits less than those established pursuant to section 5 (2)(f) of this Act and section 405 of the Rail Passenger Service Act (45 U.S.C. 565).

"(27)(A) Whenever the Commission finds that the public convenience and necessity permit abandonment or termination, and a shipper, a State, a local or regional transportation authority, the Secretary of Transportation, or any other person or government entity, or any combination of the foregoing, offers in order to maintain rail service assistance—

"(i) which covers the difference between the revenues attributable to the rail properties involved and the avoidable costs of providing rail freight service plus a reasonable return on the value of the rail properties involved; or

"(ii) for the purchase of all or any portion of a line of railroad; and

the Commission receives notification of such an offer, it may order, with regard to such rail properties or portion thereof, an additional postponement of abandonment or termination for not to exceed 90 days after the date of such receipt, in order for arrangements to be completed for such assistance or purchase. Upon receipt of notification that any such rail service assistance or purchase agreement has been completed, the Commission shall indefinitely postpone any proposed abandonment or termination so long as such agreement and any successive agreements are in effect.

"(B) Upon the request of any person or entity apparently qualified to offer to provide rail service assistance or to purchase all or any portion of a line of railroad, a carrier by railroad subject to this part shall promptly make available to such person or entity its most recent reports on the physical condition of the property which it seeks to abandon or over which it seeks to terminate service, together with such traffic, revenue, and other data necessary to ascertain the amount of assistance that would be required to maintain existing rail service.

"(28) Petitions for abandonment which are filed and pending with the Commission on the date of enactment of this paragraph shall be governed by the provisions of section 1 of this Act which were in effect on such date, except that they shall be subject to paragraph (27) of this section.".

SEC. 3. (a) The Secretary of Transportation (hereinafter referred to as the "Secretary") shall provide financial assistance, in accordance with this section, for the purpose of rail service assistance. For purposes of paragraph (b) of this section, the Federal share of such rail service assistance shall be 70 percent and the State share shall be 30 percent.

(b) As used in this section, "rail service assistance" means subsidies calculated to cover the difference between the revenues attributable to the rail properties involved and the avoidable costs of providing rail freight service plus a reasonable return on the value of the rail properties involved. Such assistance may be utilized to cover the costs of operating adequate and efficient rail service or applied to the purchase of the rail properties involved.

(c) Each State is entitled to receive an amount for rail service assistance, from 50 percent of the funds appropriated each fiscal year for such purpose, in the ratio which the total rail mileage in such State (as determined by the Secretary and measured in point-to-point length, excluding yard tracks and sidings) bears to the total rail mileage in all the States (measured in the same manner): *Provided*, That the entitlement of each State shall be not less than one-half of 1 percent of such 50 percent of the funds appropriated. Each State may receive for rail service assistance, from the other 50 percent of the funds appropriated, such sums as the Secretary may, in his discretion, grant. For purposes of this section, the term "State" shall include any State or territory in which is located the rail properties of carrier by railroad subject to part I of the Interstate Commerce Act (49 U.S.C. 1 et seq.). Any portion of the entitlement of any State which is withheld, in accordance with this section, and any such sums which are not used or committed by a State during the preceding fiscal year, shall be reallocated among the other States in amounts equal to the ratio which the total rail mileage in such State (as determined by the Secretary and measured in point-to-point length excluding yard tracks and sidings) bears to the total rail mileage in all States (measured in the same manner).

(d)(1) A State is eligible to receive rail assistance, pursuant to subsection (b) of this section, in any fiscal year if—

(A) the State has established a suitable State rail transportation plan;

(B) such State plan is administered or coordinated by a designated State agency and provides for the equitable distribution of such assistance among State, local, and regional transportation authorities;

(C) such State agency has authority and administrative jurisdiction to develop, promote, supervise, and support safe, adequate, and efficient rail services; employs or will employ, directly or indirectly, sufficient trained and qualified personnel; and maintains or will maintain adequate programs of investigation, research, promotion, and development, with provisions for public participation;

(D) the State provides satisfactory assurance that it will adopt and maintain such procedures as it or the Secretary deems necessary for financial control, accounting, and performance evaluation, in order to assure proper use of Federal funds; and

(E) the State complies with the regulations of the Secretary issued under this section.

(2) For the purposes of paragraph (1) of this subsection, a State plan for rail transportation and local rail services is not suitable unless such plan provides for prompt determination and evaluation, in accordance with applicable criteria established by regulation by the Rail Services Planning Office of the Commission, or its successor, of—

(A) the total direct and indirect costs of any proposed abandonments of lines of railroad or portions thereof, and of any proposed terminations of rail service over any lines of railroad or portions thereof, in such State, and the total and itemized direct and indirect costs of providing affected areas of such State with the same level of transportation services by any other mode of transportation. Such costs shall include any applicable costs attributable to (i) fuel consumption and energy utilization; (ii) operating costs and capital expenditures; (iii) damage to the environment; (iv) reduction in the amount of goods and services produced in such areas; (v) reduction in the value of commercial and residential property in such areas; (vi) increased unemployment, welfare, retraining, or relocation benefits for individuals or companies adversely affected thereby; and (vii) reduction in property, sales, and other tax revenues received by governments in such States; and

(B) the total direct and indirect benefits of maintaining any lines of railroad or portions thereof proposed to be abandoned, and of continuing rail service proposed to be terminated, to such State and affected areas thereof in comparison with the total direct and indirect benefits of abandonment and termination accompanied by provision for the same level of transportation services by any other mode of transportation.

(3) No Federal rail service assistance shall be provided to maintain rail service under this section unless (A) the direct and indirect benefits of maintaining such rail service exceed the direct and indirect costs thereof, as determined by the State as provided in paragraph (2) of this subsection; and (B) rail service is, by comparison with other available transportation services, the low cost mode of transportation for the route, area, or transportation need involved, as determined by comparing the costs evaluated by the State in accordance with paragraph (2) of this subsection.

(4) No rail services are eligible for rail service assistance pursuant to subsection (b) of this section except:

(A) those freight rail services which were being provided on the date of enactment of this Act; and

(B) those rail freight services eligible on the date of enactment of this Act for rail service continuation subsidies under section 402 of the Regional Rail Reorganization Act of 1973 (87 Stat. 985, 45 U.S.C. 762).

(e) The Secretary shall pay to each State an amount equal to its entitlement under subsection (b) of this section. Any amounts which are not expended or committed by a State pursuant to subsection (b) during the ensuing fiscal year shall be returned by such State to the Secretary, who shall redistribute such amounts in accordance with the last sentence of subsection (b) of this section.

(f) The Secretary may provide rail service assistance pursuant to a rail service assistance or purchase agreement for any period not to exceed 8 years after the date of enactment of this act.

(g)(1) Each recipient of financial assistance under this section, whether in the form of grants, subgrants, contracts, subcontracts, or other arrangements, shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was 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.

(2) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of three years after completion of the project or undertaking referred to in paragraph (1) of this subsection, have access for the purpose of audit and examination of any books, documents, papers, and records of such receipts which in the opinion of the Secretary or Comptroller General may be related or pertinent to the grants, contracts, or other arrangements referred to in such paragraph.

(3) The Secretary and the Comptroller

General shall regularly conduct, or cause to be conducted, (A) a financial audit in accordance with generally accepted auditing standards, and (B) a performance audit of the activities and transactions assisted in accordance with generally accepted management principles. Such audits may be conducted by independent certified or licensed public accountants and management consultants approved by the Secretary and the Comptroller General, and they shall be conducted in accordance with such rules and regulations as may be prescribed by the Comptroller General. The Secretary shall receive, maintain and make available to any interested person at cost a copy of any such audit.

(h) If the Secretary, after reasonable notice and opportunity for a hearing, finds that a State is not eligible for rail service assistance under subsection (c) of this section, payment to such State shall not be made.

(i) There are authorized to be appropriated to carry out the purposes of this section such sums as are necessary, not to exceed $100,000,000 for each of the eight fiscal years including and following the date of enactment of this Act.

SECTION-BY-SECTION SUMMARY

Section 1.—Short title of "Local Rail Services Act of 1975".

Section 2.—(1) Amends sections 1(18) through 1(22) of the Interstate Commerce Act to restate existing law relating to the extension of existing lines of railroad and to the construction of new lines of railroad.

(2) Adds the following new paragraphs to section 1 of the Interstate Commerce Act to provide for the abandonment of rail lines and the termination of rail service:

Paragraph (22)—(a) Restates existing Commission authority to issue certificates of public convenience and necessity permitting abandonments.

(b) Requires a rail carrier seeking to abandon to give notification to the affected Governors, localities, and shippers at least 90 days prior to effective date of the proposed abandonment.

(c) During such 90-day period the Commission may investigate the proposed abandonment upon its own motion or upon petition by any interested person. If such investigation is commenced, the abandonment may be postponed for not more than 7 months pending the outcome of such investigation.

(d) If the Commission issues a certificate authorizing abandonment, actual abandonment shall take effect no less than 60 days thereafter. In determining whether to issue such certificate, the Commission must consider certain specified factors.

(e) The Commission is required to permit abandonment if the avoidable costs of providing rail service plus a reasonable return on the value of the rail properties involved exceed the revenue attributable to such rail properties.

Paragraph (23)—Provides for suits to enjoin any construction or abandonment contrary to the Interstate Commerce Act and penalties for such action.

Paragraph (24)—Restates existing law limiting the authority of the Commission so as not to extend to switching and side tracks and street railways not part of a general system of transportation.

Paragraph (25)—(a) Requires each railroad to submit to the Commission, within 120 days after the date of enactment of this Act, a complete diagram of its transportation system and identify any low density or other rail lines which it plans to abandon.

(b) No carrier may abandon a rail line if the abandonment of such line is opposed, unless it has been identified for 12 months on the diagram filed with the Commission as one which the carrier plans to abandon.

Paragraph (26)—Provides for protective arrangements for employees adversely affected by any abandonment.

Paragraph (27)—(a) Provides that whenever a shipper, State, local or regional transportation authority, the Secretary of Transportation, or any other person offers financial assistance to maintain rail service which the Commission determines may be abandoned, the Commission may postpone the abandonment for 90 days to allow for the arrangement of rail service assistance and shall indefinitely postpone the proposed abandonment for so long as a rail service assistance agreement is in effect.

(b) Requires a railroad receiving rail service assistance to provide certain data to the offeror of such assistance.

Paragraph (28)—Petitions for abandonment pending with the Commission on the date of enactment of this Act shall be governed by the provisions of the Interstate Commerce Act which were in effect on such date.

Section 3.—(a) Requires the Secretary of Transportation to provide financial assistance for the purpose of maintaining rail freight service. The Federal share of such assistance shall be 70 percent and the State share shall be 30 percent.

(b) Defines "rail service assistance" and provides that such assistance may be utilized to cover the costs of operating adequate and efficient rail service or applied to the purchase of the rail properties involved.

(c) Entitles each State to receive for rail service assistance a minimum of one-half of 1 percent of 50 percent of the funds appropriated. Permits the Secretary to make discretionary grants for rail service assistance from the other 50 percent of the funds appropriated.

(d) To be eligible to receive rail service assistance, a State must establish a suitable State rail transportation plan. A State plan is not suitable unless it provides for determination and evaluation, in accordance with certain criteria, of total costs of any proposed abandonment of a line of railroad and total benefits of maintaining any such line. No rail service assistance proposal is eligible for Federal financial assistance unless the benefits of maintaining the involved rail service exceed the costs and the rail service is the low-cost mode of transportation. Rail freight services are not eligible for assistance unless they are being provided on the date of enactment of this Act or were eligible on the date of enactment for rail service continuation subsidies under the Regional Rail Reorganization Act of 1973.

(e) Entitlement funds not expended by a State shall be returned to the Secretary for use as additional entitlement rail service assistance.

(f) Federal participation in rail service assistance agreements under this section may not exceed a period of 8 years.

(g) Provides for auditing by the Comptroller General of rail service assistance projects.

(h) Payment shall not be made to a State until it is eligible for rail service assistance under this section.

(i) Authorizes to be appropriated not to exceed $100 million for each of the 8 fiscal years including and following the date of enactment of this Act.

Mr. HARTKE. Mr. President, I am pleased to cosponsor the Local Rail Services Act of 1975. This act would extend the Federal Rail Services Continuation Subsidies program originally authorized in the Regional Rail Reorganization Act to the States outside the Northeast and Midwest region for a period of 8 years.

This act is needed for two reasons. First, many States outside the Midwest and Northeast are now served by branch lines which are essential to local communities but are uneconomical in that revenues from such lines are less than the costs of providing service. These lines are a burden on the railroads providing that service and a threat to the financial stability of the now nonbankrupt railroads. So long as these plans continue to be uneconomical, they also do not receive proper maintenance from the railroads. This insures that the lines will continue to be allowed to degenerate and thus discourages the location of additional industries on the line which might help make the line economical.

The program of Federal and State subsidies proposed in this bill would remove this threat and permit continuation of essential rail services while the bill's relaxed abandonment standards would permit the railroads to discontinue operations.

Second, this bill will permit communities in the Midwest and Northeast, where the U.S. Railway Association has proposed the abandonment or subsidization of 6,200 miles of lines, to assure local shippers that subsidies would continue beyond the 2 years provided in the Regional Rail Reorganization Act. In my own State of Indiana, for example, USRA has proposed that 806 miles of line be abandoned or subsidized. No industry is going to locate on a line or expand in order to generate enough traffic to make a line economically viable if it expects a line will be abandoned within 2 years. This bill would give the small communities and shippers served by these uneconomic lines the time to either generate more traffic or provide for an orderly transition to other modes of transportation.

Mr. President, this bill would only provide Federal assistance where a state is willing to pay 30 percent of the costs of subsidy and the direct and indirect benefits of continuing service exceed the direct and indirect costs; and where, all economic, social and environmental costs considered, rail is the low cost mode of providing the needed transportation. The bill would therefore set an important precedent for future transportation investments. It says in effect that the Federal Government will not subsidize transportation projects unless they return benefits and in excess of the costs of subsidy and there is no other mode of transportation available that is less costly in terms of all direct and indirect costs.

Mr. President, I am also pleased to announce that the Subcommittee on Surface Transportation will be considering this bill in hearings this session. These hearings will focus on what the needs of the Nation's rail transportation system are and all means, including the abandonment and subsidy programs proposed in this bill, to insure adequate and efficient rail service to the Nation.

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

S. 864. A bill to amend the act entitled "An Act to authorize the sale of certain public lands in Alaska to the Catholic Bishop of Northern Alaska for use as a

mission school", approved August 8, 1953. Referred to the Committee on Interior and Insular Affairs.

Mr. STEVENS. Mr. President, I would like to introduce a measure today to remove a potential reverter from land now owned by the Catholic Bishop of Northern Alaska, near Cooper River, Alaska.

In 1953, Private Law 152 authorized the transfer of 452 acres of land to the Bishop for the sole use as a mission school. The Church paid above the appraised value of this property. The school was built on this site and for 15 years was used for this purpose. Subsequently this school was closed.

Dut to the increased financial upkeep of this abandoned building, the church would like to sell this land which is now necessary to support the construction of the Alaska pipeline. It is time to remove this cloud on the title and return the land to productive use—both the Catholic Church and the State of Alaska will be the beneficiaries.

Mr. President, I ask unanimous consent to have my bill printed in the RECORD immediately following my remarks.

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

S. 864

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Act entitled "An Act to authorize the sale of certain public lands in Alaska to the Catholic Bishop of Northern Alaska for use as a mission school", approved August 8, 1953 (67 Stat. A53), is amended by deleting "for use as a mission school".

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

S.J. Res. 37. A joint resolution to authorize the Administrator of the National Aeronautics and Space Administration to make a grant for the construction of facilities for the International Space Hall of Fame. Referred to the Committee on Aeronautical and Space Sciences.

Mr. MONTOYA. Mr. President, on behalf of my colleague Senator DOMENICI and myself, today I introduce legislation to authorize the administrator of the National Aeronautics and Space Administration to make a grant for the construction of facilities for the International Space Hall of Fame in Alamogordo, N. Mex.

This is the same joint resolution which I introduced late in the last session. Unfortunately, time prevented the Congress from giving this measure complete consideration, but I hope that the Aeronautical and Space Sciences Committee will be able to do so this year during the ongoing authorization hearing.

Mr. President, I ask your unanimous consent that following these remarks, there be printed in the RECORD three items which will help my colleagues understand the scope of this project. The first item is the text of the joint resolution itself. The second item is the statement I made last year upon introducing the bill. The final is a paper prepared for me by U. W. Hess and Dwight Ohlinger pointing out the fact that what is proposed here is a dynamic institution dedicated to a continuing program of education in all aspects of space history and space science. This an important point.

Another important point is the international character of the proposal. We all recognize that space is not the domain of only one nation. Nor has the space program come about without the contributions of brilliant men and women from throughout the world. It is fitting, therefore, that the sponsors of the project have interested the International Academy of Astronautics in the proposal.

The final point I would like to make in these brief introductory remarks is that the construction of the Space Hall of Fame will be a fitting contribution to our bicentennial celebrations. Our accomplishments in space deserve to be highlighted as one of our greatest accomplishments, and I think it would be appropriate for the proposed Hall of Fame to be the focal point for that aspect of the bicentennial program.

There being no objection, the joint resolution and material were ordered to be printed in the RECORD, as follows:

S.J. RES. 37

To authorize the Administrator of the National Aeronautics and Space Administration to make a grant for the construction of facilities for the International Space Hall of Fame.

Whereas accomplishments in space and aeronautical exploration have highlighted man's achievements in the twentieth century;

Whereas there is a need to preserve and display the work of men and women who have contributed significantly to these achievements and to preserve and display the artifacts and space hardware which they have used, in a more educational, accessible, and permanent manner;

Whereas such a display would unite all countries of the world in a cooperative effort to honor such achievements; and

Whereas Alamogordo, New Mexico, has been a focal point in space and aeronautical exploration and research since Robert Goddard conducted his pioneering rocket experiments in the State: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) upon application by the International Space Hall of Fame, Incorporated, (hereinafter referred to as the "Corporation") of Alamogordo, New Mexico, the Administrator of the National Aeronautics and Space Administration (hereinafter referred to as the "Administrator") is authorized to make a grant in an amount not to exceed the Federal share of the cost of constructing a museum and suitable facilities in Alamogordo, New Mexico, for the presentation and display of objects of historical or scientific significance in the space programs of the United States and other nations.

(b) For the purposes of this joint resolution the Federal share is 70 per centum.

SEC. 2. No grant may be made under this joint resolution unless the Administrator determines that—

(1) the construction to be carried out under the application will be undertaken in a timely and economic manner and will not be of elaborate or extravagant design or materials; and

(2) the State of New Mexico and other sources will pay from non-Federal sources an amount not less than $3,040,000 toward the cost of such construction.

SEC. 3. There are authorized to be appropriated to the National Aeronautics and Space Administration not to exceed $7,040,000 to carry out the provisions of this joint resolution.

By Mr. MONTOYA:

S.J. Res. 254. A joint resolution to authorize the Administrator of the National Aeronautics and Space Administration to make a grant for the construction of facilities for the International Space Hall of Fame. Referred to the Committee on Aeronautical and Space Sciences.

Mr. MONTOYA. Mr. President, today I introduce legislation to authorize the Administrator of the National Aeronautics and Space Administration to make a grant for the construction of facilities for the International Space Hall of Fame in Alamogordo, N. Mex.

American scientists and astronauts have made a unique achievement in the history of space science. They have contributed to the complex research programs and difficult missions which have helped to insure the U.S. leadership in aeronautics and space exploration. These scientists, who made sure we got there, and the astronauts, who went there, were men who dared to raise their heads above the mountaintops. They had unconceivable dreams, high hopes, and even greater courage. They used their knowledge gained through long years of research to turn their ideas into action and their dreams into reality. Men such as these are the true wealth of our country, not the gold reserves in Ft. Knox.

Our country has progressed because of the achievements of these space pioneers. Their deeds have not merely improved our past, but have accelerated us into the future. Never have we been projected into the future so swiftly and so dramatically as when we took our first step into space.

The future is certainly of utmost importance, yet our past is just as great. It is the motivation of our tomorrow. Today's science and art will become our traditions, and these traditions need to be preserved. These space pioneers deserve to be honored. Their monument should be built as a symbol of our present-day life—complex and challenging, yet very exciting.

During the troubled Vietnam and Watergate years, we certainly have had a shortage of real heroes—someone we could look up to and admire. The astronauts filled this vacuum. A hall of fame will be a place to honor these men; but more important, it would be a place which will honor the noble act which invoked the fame in the first place.

It is only fitting that this space institute be located at the site where the earliest phases of space travel experimentation was conceived and conducted. The State of New Mexico, and the Alamogordo area specifically, provide that historical setting.

Alamogordo is located in the Tularosa Basin, close to the White Sands Missile Range and Holloman AFB where pioneer work in missile development was conducted. Captured German V-2's were fired here; the first objects to escape the pull of gravity were fired here; the inertial guidance system was perfected here; and research in aero-med, which enabled man to live in space, was accomplished here. Doctor Goddard, the great rocket pioneer carried on his research at the nearby city of Roswell.

The city of Alamogordo has eagerly assumed the responsibility of establishing an International Space Hall of Fame. City officials have successfully presented the space institute concept to the State of New Mexico and to various space-related agencies and organizations. As a result of their endeavors, $3.04 million has already been contributed, $1.8 by the State of New Mexico and the remainder from private donations. Forty-five acres of land for the project have been donated by New Mexico State University, and $3 million worth of space artifacts and space

hardware has been made available on a rotating basis to the Hall of Fame by the Smithsonian.

This project has also received the support and the endorsement of NASA, local U.S. Air Force and Army installations, and the International Academy of Astronautics—IAA. The latter organization is comprised of the world's top space scientists. The Academy, headed by Dr. Charles Draper of MIT, has agreed to select the nominees for the International Space Hall of Fame. IAA is also considering Alamogordo as the site for its 1976 conference, which is expected to attract 3,000 participants.

From its inception, the international aspects of this project have been emphasized. Space scientists and astronauts and cosmonauts from the United States, the U.S.S.R., England, France, Belgium, West Germany, Sweden, Italy, and 20 other countries will be honored side by side in the Hall of Fame. It will take an international effort of cooperation to see this project realized.

The space institute will be a scientific and educational project, with the objective of providing a center for exhibition, study and research in the field of space science. To achieve this aim, the facilities of the institute will consist of the Hall of Fame, an auditorium, an amphitheater, and a planetarium.

The Hall of Fame will serve as a museum to honor those who have contributed to man's advancements in space. The $3 million worth of space artifacts and space hardware on loan from the Smithsonian Institution will also be housed here. There will be displays of moon rocks, satellites, rockets, space apparel, experiments, moon vehicles, historical artifacts, sun and moon photos, and scientific exhibits related to space. Participation displays will consist of demonstrations of the principles of physics and other scientific disciplines. Because the space pioneers devoted most of their time to getting to and being in space, their busy schedules left them little opportunity to keep diaries and detailed accounts of their space experiments and adventures. In order to compensate for this gap in documentary material pertaining to their firsthand experiences, a remedial program is planned by the Hall of Fame to tape-record the personal recollections of the astronauts, cosmonauts, and space scientists.

The auditorium will be a major multipurpose facility for large groups. It will serve the function of accommodating large international scientific conferences as well as New Mexico State University student gatherings and drama productions.

The amphitheater will be used to explain to large groups the major elements and operation of our largest space rocket. It will also be used for an outdoor pageant, simulating the firing of a Saturn V.

And finally, the planetarium will provide an outstanding means of education in celestial mechanics. It will offer demonstrations of the real and apparent motions of celestial bodies as seen from earth and as actually occurring. Special enrichment programs will provide a look at the constellations, the moon and the planets. Stories of the planets drawn from ancient mythology will be contrasted with the knowledge gained in the past decade. New Mexico State University will have use of the facility, and will assist in seminars and symposiums on space-related sciences. The planetarium will be a great aid to teachers and to elementary, high school and college students in learning about astronomy and the world in which we live. All of the facilities of the space institute will enhance university graduate programs. The planetarium has the future potential of providing astronomy and space navigation training to the astronauts, as was the case with the Apollo crew who trained at the planetarium in Chapel Hill.

The planetarium will be a great asset to the entire southwestern part of our country. There are five planetariums of the highest precision type in the world installed and operated in the United States. However, all are located in the East—in Boston, New York, Rochester, Chicago, and Chapel Hill.

Once built, the space institute will be self-sustaining. It has the benefit of being located near many southwestern tourist attractions. Alamogordo is close to the White Sands National Monument which has 665,000 visitors annually and Carlsbad Caverns with 850,000 visitors a year. Also nearby are recreation areas which cater to hunters, campers, fishermen, and skiers. The Apache tribal ceremonies also attract many tourists to the near-by Mescalero Reservation. There are ample lodging facilities, and Alamogordo is located near Interstate 10, a major East-West route, and Interstate 25, a major North-South route.

The city of Alamogordo will need a grant in the neighborhood of $7 million in order to complete the construction of this project. They need a grant to match the $3.04 million contributed so far and an additional $4 million for the planetarium.

INFORMATION ON THE INTERNATIONAL SPACE HALL OF FAME

New Mexico, 49th in per capita income, spends 37 percent of state revenues alone on education. Educating the next generation is the key to developing all other assets and natural resources of the state. Consistent with this outlook, the State legislature during the February 1973 session, without a dissenting vote, passed a one million eight hundred thousand dollar appropriation for construction of the first building of an International Space Hall of Fame, to be located at the Alamogordo Branch of the New Mexico State University. This historic memorial to mankind's mightiest technical and intellectual achievement will be open to the public in the Bicentennial year, beginning 4 July 1976. News files of the past two decades of space achievement will become historical archives, celebrating outstanding contributions to the exploration of space, elected for individual recognition.

Commemorative historical and educational exhibits, including outdoor pageants reenacting manned spaceflights with the original gantries, spacecraft, film and sound records simultaneously available to earphones in six languages, will tell visitors how man orbited the earth and landed on the moon. This will give employment to hundreds of students and inspiration to thousands of school children.

A second unit will be a Zeiss Model VI planetarium already reserved at the Zeiss Company for the International Space Hall of Fame. A project for raising the down payment by advance sale of tickets to all the school children of the state good for admission during the bicentennial year is under consideration. The exhibits, pageant and planetarium can be self-sustaining by admission charges and concession profits. The library, archives and a lunar and planetary geology specimen collection will provide research material for graduate students and scholars. Active research on solar energy technology supported by the National Science Foundation, including the heating and air conditioning of the buildings, is in the planning phase. A space communications station and Schmidt telescope will be installed to train students and provide public demonstrations. The original Mercury, Gemini and Apollo gantries will be moved by barges from Cape Canaveral via the Gulf Coast, Mississippi River and inland waterway to Tulsa, Oklahoma, and thence by trains and trucks to Alamogordo, for erection on prepared pads at the Alamogordo site. The corresponding spacecraft assemblies will be mounted for launch on the gantries, with elevators and platforms to carry visitors up to the space cabins. Resort hotels and a convention center funded commercially are in the plans. Economic feasibility studies by the New Mexico State University, based on tourist traffic and other indicators, strongly support the potential for self-sustaining operation of the International Space Hall of Fame.

On 1 December 1974 the Governor of New Mexico and his Commission on the International Space Hall of Fame celebrated a ground-breaking ceremony for the International Space Hall of Fame on 46 acres of the New Mexico State University, Alamogordo Branch campus.

The State Highway Department is rebuilding an access road from Highway 54–7 to the college into a broad avenue with median strip, and plans a north extension of another avenue (Scenic Drive) from the college site to Highway 82.

In addition to the Governor's Commission on the International Space Hall of Fame, the Alamogordo Chamber of Commerce and Chambers of Commerce of most of the cities and towns of New Mexico have given endorsement and whole-hearted support to the project. The Alamogordo City Council, the Committee of Fifty of the Alamogordo Chamber of Commerce, the Alamogordo Motel Owners' Association, and numerous private citizens have given financial support and their personal efforts to promoting the International Space Hall of Fame.

The International Academy of Astronautics has rendered the good offices of its Historical Committee in nominating candidates for commemoration in the Hall of Fame, and will hold its annual meeting in Alamogordo during October 1976. Commemorative medallions by a prominent mint will be sold to help defray the costs, and a Bicentennial project by the Federal Commission, with promise of matching funds, has been initiated.

The Smithsonian Institution supplied a study on a Western Space Museum accomplished for NASA in 1972. The Aviation and Space Museum of that institution is authorizing appropriate artifacts on indefinite loan from NASA to the International Space Hall of Fame for exhibition.

Bids for the first building will be issued in February 1975, and construction is projected to begin in March for completion by 4 July 1976.

All of the foregoing is to establish that the International Space Hall of Fame has the whole-hearted support of the Governor and legislature of New Mexico, the municipal governments and service organizations of New Mexico cities and towns, the state institutions of higher learning, and the citizens of Alamogordo, Albuquerque, Roswell, Las Cruces, Hobbs, Deming, Lordsburg, Silver City, Ruidoso, Tularosa, La Luz, Portales, Lovington, Gallup, Las Vegas, Farmington, and many other population centers in the state. The value of appropriations, property acquisition, state and community service contributed to the International Space Hall of Fame to date considerably exceeds $3 million.

The educational, commemorative, quality-of-life enhancement and employment potential of this International Space Hall of Fame fully justifies the Federal support sought in S.J. Resolution 254 to the Senate of the United States.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 8

At the request of Mr. DOLE, the Senator from North Dakota (Mr. YOUNG)

was added as a cosponsor of the bill (S. 8) to designate November 11 of each year as Veterans Day and to make such day a legal public holiday.

S. 34

At the request of Mr. HATHAWAY, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of the bill (S. 34) to amend the Forest Pest Control Act.

S. 199

At the request of Mr. WEICKER, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 199, a bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes.

S. 327

At the request of Mr. JACKSON, the Senator from Pennsylvania (Mr. HUGH SCOTT) was added as a cosponsor of the bill (S. 327) the Land and Water Conservation Fund Amendments.

S. 425

At the request of Mr. WILLIAMS, the Senator from Alabama (Mr. SPARKMAN), the Senator from Washington (Mr. JACKSON), the Senator from South Carolina (Mr. THURMOND), the Senator from Nevada (Mr. LAXALT), the Senator from Connecticut (Mr. WEICKER), the Senator from Vermont (Mr. LEAHY), and the Senator from North Carolina (Mr. MORGAN) were added as cosponsors of S. 425, the Foreign Investment Act of 1975.

S. 506

At the request of Mr. CHURCH, the Senator from Wyoming (Mr. MCGEE) was added as a cosponsor of S. 506, a bill to amend the Water Resources Planning Act to extend the authority for financial assistance to the States for water resources planning.

S. 699

At the request of Mr. DOLE, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of the bill (S. 699) to permit Senators to use mobile offices in their home States.

S. 760

At the request of Mr. THURMOND, the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor of the bill (S. 760) to provide for a separate agency within the Department of Labor to be known as the Veterans' Employment Service, to authorize the appointment of an Assistant Secretary of Labor for Veterans' Employment, and for other purposes.

S. 829

At the request of Mr. FONG, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of the bill (S. 829) to amend title II of the Social Security Act to increase the increment in old-age benefits payable to individuals who delay their retirement beyond age 65.

SENATE JOINT RESOLUTION 35

At the request of Mr. RANDOLPH, the Senator from Tennessee (Mr. BROCK) was added as a cosponsor of Senate Joint Resolution 35, a joint resolution referring to the National Employ the Older Worker Week.

SENATE RESOLUTION 39

At the request of Mr. METCALF, the Senator from Connecticut (Mr. WEICKER) and the Senator from Oklahoma (Mr. BELLMON) were added as cosponsors of the resolution (S. Res. 39) providing for radio and television coverage of Senate proceedings.

SENATE RESOLUTION 48

At the request of Mr. SPARKMAN, the Senator from Illinois (Mr. PERCY) was added as a cosponsor of Senate Resolution 48, urging continuing efforts in behalf of Americans missing in action in Southeast Asia.

SENATE CONCURRENT RESOLUTION 11

At the request of Mr. RANDOLPH, the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Iowa (Mr. CLARK), the Senator from Iowa (Mr. CULVER), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New York (Mr. JAVITS), the Senator from Vermont (Mr. LEAHY), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Minnesota (Mr. MONDALE), the Senator from Utah (Mr. MOSS), the Senator from Pennsylvania (Mr. SCOTT), the Senator from Vermont (Mr. STAFFORD), the Senator from Illinois (Mr. STEVENSON), and the Senator from Ohio (Mr. TAFT) were added as cosponsors of Senate Concurrent Resolution 11 to express as a national policy that all citizens have the right to live and work in a barrier-free environment.

SENATE RESOLUTION 90—SUBMISSION OF A RESOLUTION CONGRATULATING OCEANA COUNTY, MICH.

(Referred to the Committee on the Judiciary.)

Mr. GRIFFIN submitted the following resolution:

S. RES. 90

Whereas the State of Michigan is one of the country's great fruit and vegetable producing States, and

Whereas the people of Oceana County have announced plans for the second annual National Asparagus Festival for June 13–15, so as to call attention to this important product, and

Whereas the people throughout the country know and enjoy the asparagus produced in Oceana County: Now, therefore, be it

Resolved, That the Senate of the United States extends its congratulations to Oceana County, Michigan, and for its plans for a National Asparagus Festival; and, be it further

Resolved, That it is the sense of the Senate that the week of June 13–15 should be proclaimed as National Asparagus Week.

SENATE RESOLUTION 91—ORIGINAL RESOLUTION REPORTED RELATING TO THE ACTIVITIES OF THE COMMITTEE ON FOREIGN RELATIONS

(Placed on the calendar.)

Mr. SPARKMAN, from the Committee on Foreign Relations, reported the following original resolution:

S. RES. 91

Resolved, That (a) effective on the date on which this resolution is agreed to, the activities authorized by Senate Resolution 247, 87th Congress, agreed to February 7, 1962, are extended to include the interchange and reception in the United States of prominent officials of intergovernmental organizations.

(b) Effective for the fiscal year ending June 30, 1975, and for each fiscal year thereafter, the fiscal year limitation on expenses incurred under such Senate Resolution 247 is increased to $10,000.

SENATE RESOLUTION 92—SUBMISSION OF A RESOLUTION PROVIDING FOR INVESTIGATIONS AND STUDIES BY STANDING COMMITTEES

(Referred to the Committee on Rules and Administration.)

Mr. CLARK (for himself, Mr. BENTSEN, Mr. BROCK, Mr. CASE, Mr. GARY W. HART, Mr. HARTKE, Mr. HASKELL, Mr. HUMPHREY, Mr. JAVITS, Mr. KENNEDY, Mr. MCGEE, Mr. MCGOVERN, Mr. RIBICOFF, and Mr. TUNNEY) submitted the following resolution:

S. RES. 92

Resolved, That (a) each standing committee of the Senate, acting as a whole or by subcommittee, is authorized and directed to conduct a full and complete investigation and study of the application, operation, administration and impact of laws or parts of laws, including regulations prescribed thereunder, the subject matter of which is within the jurisdiction of such committee in order to—

(1) ascertain and identify those areas covered by such laws and regulations in which differences exist in their application, operation, administration and impact because of sex;

(2) determine whether the differences in application, operation, administration and impact because of sex are—

(A) consistent with the proposed amendment to the Constitution relating to equal rights; and

(B) (i) appropriate and justifiable; or

(ii) unduly and unnecessarily discriminatory on account of sex;

(3) determine whether, and the extent to which, any such differences in application, operation, administration, and impact because of sex should, in the public interest, be removed, modified, or continued without change; and

(4) cooperate, as appropriate, with respective House committees in—

(A) identifying the differences in application, operation, administration, and impact on account of sex; and

(B) determining whether any such differences in application, operation, administration, and impact because of sex should, in the public interest, be removed, modified, or continued without change.

(b) Each such standing committee—

(1) shall submit to the Senate, as soon as practicable during the first regular session of the present Congress, a preliminary report of the results of its investigation and study, together with such recommendations as the committee considers appropriate; and

(2) shall submit to the Senate, not later than October 1 of the year in which the second regular session of the present Congress is held, a final report of the results of its investigation and study, together with such recommendations as the committee considers appropriate.

Any such report which is made when the Senate is not in session shall be filed with the Secretary of the Senate.

SEX DISCRIMINATION AND THE LAW

Mr. CLARK. Mr. President, in recent years this country gradually has awakened to the rights and needs of American women. As with the country, the majority of the Congress has come to realize that laws which treat women and men differently are inherently unfair.

To move from recognizing a problem to eliminating it in a democratic process does require patient, persistent effort. But too much patience has been required of the women of this Nation who have not been granted the full benefits and rights due every American citizen.

Today I am introducing a resolution to reaffirm our commitment to equal rights and to help prepare for the ratification of the equal rights amendment—ERA.

The ERA was first proposed in 1923 by the National Women's Party, and it was introduced in nearly every Congress until 1972, when it finally was approved by the Congress—49 years later. But the process remains unfinished. As a constitutional amendment, the ERA must be approved by 38 States before it can take effect. Thirty-four of the States, including Iowa, have ratified the ERA. With North Dakota's ratification of the ERA, the approval of only four more States is needed before the ERA becomes a part of the Constitution. The process must be completed by March 22, 1979.

Despite the setbacks in several legislatures last week, there is still a fair chance that the ERA will be ratified this year. In any case, it is imperative that Congress demonstrate its commitment to equal justice and application of the laws without regard to irrelevant sexual criteria. In short, the Congress needs to eliminate instances of sex discrimination from Federal law.

While the work goes on in the State legislatures, Congress cannot afford simply to rest until the 38th State finally ratifies the ERA. Instead, Congress ought to be preparing now for its approval by eliminating unwarranted references to gender in our Nation's laws.

Right now there are a great many laws whose application and impact are discriminatory and are inconsistent with the principle of equal rights. Under this resolution, the standing committees of the Senate will conduct a complete investigation of instances of sex discrimination within their jurisdictions. Differences based on sex which exist in the application, operation, administration and impact of laws will be identified. A final report of the results of the investigation, together with recommendations, will be submitted to the Senate not later than October 1, 1976.

Although such a task is large, it is manageable. Iowa already has provided an example of how to proceed: all references to gender have been eliminated from the Iowa Code. On the national level, the groundwork has already been laid by the Justice Department, the U.S. Commission on Civil Rights, and Ruth Bader Ginsburg and Brenda Feigen Fasteau, two noted authorities on women's legal problems. Using a computer printout furnished to the Commission on Civil Rights by the Department of Justice, they have surveyed the United States Code and have identified and assessed those statutes inconsistent with the ERA.

So the information is already available. The argument that this task is too unwieldly is simply not a cogent one because much of the work has already been done. It will only be necessary for the standing committees to avail themselves of existing data and to decide what changes are required to ensure equal rights.

Because so much of the work has already been completed, no new allocations of funds or staff are anticipated to carry out the intention of this resolution. With its passage, committees will perforce become more attuned to the existence of sex discrimination and will be compelled to consider the justice of that discrimination.

Even if the task of equalizing the statutory treatment of women and men were overwhelming, we would have no choice but to assume that task. If we believe in the fundamental principle that citizens of the United States deserve equal chances regardless of sex, the Senate should do its part to create an environment in which men and women are considered first as American citizens, not as male and female.

SOME PROGRESS

While women have waited patiently for lawmakers and the courts to acquire some sensitivity and understanding for the scope of discrimination against women, Congress has made some progress. The 93d Congress which completed its work in December has charted a steady movement toward correcting the disparity of treatment between men and women in this Nation.

Perhaps its most important success was to provide equal credit opportunity for women and men. The consumer credit protection amendment prohibits discrimination based on sex or marital status, while the Housing and Community Development Act prohibits sex discrimination in federally related mortgage loans.

There are at least nine other pieces of legislation approved by the 93d Congress which either directly or indirectly address the principle of equal treatment: Women's Equality Day, Little League Baseball for both girls and boys, the enlistment and commissioning of women in the Coast Guard Reserve, the Small Business Act, the Comprehensive Manpower Act, the Crime Control Act, the rape prevention amendment unfortunately vetoed by the President, the Fair Labor Standards Act amendments, and the pension reform bill. But as important as these successes are, much remains undone.

Because of their traditional roles as mothers and homemakers, many women find standard working hours inconvenient and disruptive. Nearly three-fourths of working women have children under 18 years of age; and one of every three mothers with preschool children is working. Most women who work do so out of financial necessity, not for diversion. Thus, women who work and who have children to care for have a particular problem. Standard working hours, although they appear nondiscriminatory on the surface, place an unusual hardship on working mothers. This is the kind of issue which does not personally confront most men, but it is a problem which every working person with primary responsibility for care of children could expound on at length.

Many of us in the Senate have become aware of this problem thanks to the work of the Senator from California (Mr. TUNNEY) who has written the flexible hours bill for people unable to work standard working hours. But how many more issues are there which appear nondiscriminatory but which tend to place an unfair burden on women?

There are no doubt many more issues which male legislators have difficulty understanding, and that understanding is needed in every legislature—State and Federal. The increasing awareness of male legislators to women's legal problems and the election of women to public office can bring us closer to a fairer society. The 1975 Iowa Legislature, for instance, now includes 14 women, a 50-percent increase over the previous legislature. The U.S. House of Representatives experienced a gain of two women this year. Although the progress is slow, the addition of women into the political arenas of this Nation must become a permanent trend.

The election of more women, the gradual chipping away of laws which discriminate against women, the passage of the ERA by the Congress and 34 States—these are indications that the country has become aware of the need for change from the traditions that have unfairly excluded women from the mainstream of American life. However, the most that can be said, even now, is that we have only begun.

UNFINISHED BUSINESS

To meet the promise this Nation has made to every citizen, including women, we must work simultaneously on several fronts. One, which is addressed by the resolution I am introducing today, is the need to alter present laws to make them consistent with the ERA.

A second front is one with which every Member of this Congress is familiar: the problem of compliance and enforcement of laws which the Congress has passed. Laws are meaningless when they go unenforced. And the legislative gains made by and on behalf of women too often are among those left to languish.

A particularly disturbing example is title IX of the Educational Amendments of 1972. Mr. President, as difficult to believe as it may be, after 3 years HEW has yet to publish final guidelines for title IX. Providing equal educational opportunities, as title IX does, should not be delayed any longer.

There is nothing which Americans believe in more than the ability of a good education to equalize opportunity. Right now, women's earnings are about 60 percent of men's, and the Department of Labor has estimated that 20 percent of the disparity between men and women's salaries is due to different levels and types of training, education, and work experience. Title IX will help remedy that differential, but only if title IX is enforced.

Is title IX being enforced? The plain answer is that it is not. William Raspberry's column printed in the Washington Post on February 19, 1975, makes apparent the extent to which HEW's Office of Civil Rights may even be subverting the principle of equal rights. I find it disturbingly ironic that the very office on whom women must rely to rectify discriminatory treatment is the office which is seemingly hampering the creation of equal opportunity.

I ask unanimous consent that the article, "Representative HAWKINS on Affirmative Action," be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. CLARK. The Congress has acted. The law has been promulgated. Yet title IX goes essentially unenforced. HEW, and particularly the OCR, should not doubt the seriousness of our intent to provide women with the educational opportunities which they have been wrongfully denied in the past. They must issue the regulations without additional delay, as they have been able to do with other civil rights legislation. And they must issue regulations which are no less strong than title IX itself.

Another example of a law without force is the new Educational Equity Act incorporated in the Educational Amendments of 1974. Congress will have an opportunity to signal its seriousness in this matter in the appropriations process this year. Unless this act is funded adequately, it cannot be effective.

A final example of laws without sufficient force is presented by the Equal Employment Opportunity Commission's—EEOC—backlog. The EEOC was formed to enforce laws dealing with antidiscrimination in employment. How well is the EEOC able to perform its job?

Lynne Darcy, the coordinator for the National Task Force on Compliance of the National Organization for Women, testified before the House Subcommittee on Equal Opportunities on September 18, 1974. Here is her assessment:

> As the situation now stands, a charging party may wait *3 to 5 years* before a charge is resolved by the EEOC, and the chances are only *1 in 4* that a charge, once investigated, will be resolved, since employers are aware that EEOC has very limited resources for litigation. In addition, conciliation agreements are rarely monitored or enforced. *The situation is clearly untenable.* (Italic added.)

Mr. President, the Congress must equip EEOC with the staff and resources sufficient to do its job. In turn, the EEOC must be committed to eradicating employment discrimination in this Nation.

There is a variety of other problems which need our attention. I have already mentioned the flexible hours bill. In addition, the Child and Family Services Act is a matter which should be taken up soon. The Senate and House passed a version of the child care act as long ago as 1971, only to have it vetoed by the President.

We still have no adequate child care facilities and programs, yet the need for child care centers, after school programs and other child and family services has escalated since 1971.

The need is obvious: over 6 million families, about 12 percent of all families, are headed by women, and close to two-thirds of those families include children. In addition, there are millions of families—where both the father and the mother work and, consequently, desperately need a safe and educationally sound place to leave their children—that would benefit from the enrichment programs proposed in the Child and Family Services Act. And it is important to note that Senator MONDALE and his subcommittee have devised a fiscally responsible means of financing these programs so that families who could afford to pay for these services would contribute a fair share.

Mr. President, I cannot begin to list all the legislation required to create a situation where men and women are treated equally and fairly. There is a need to open military academies to women. There is a need to deal with the growing problem of rape and the treatment of rape victims in this country. There is a need to eliminate discrimination from tax and inheritance laws, social security benefits, and insurance. There is a need to insure that equal rights is not a passing fad—that the few gains in equal employment opportunities recently made not be eroded by the current economic problems which we are facing.

Women have been waiting—increasingly impatiently—for the predominately male political, economic, and educational structures to recognize the abilities, contributions, competence, and potential of female Americans. They should not be made to wait any longer.

The arguments that we should wait until the ERA is ratified, or wait until individual court cases are litigated piecemeal, or wait until some unspecified future date are dilatory tactics that are unacceptable. If it is right to create a society unmarred by sex discrimination, it is right to work on that task not next year, not year after next, but this year, now, in this Congress. The Senate has the power to correct inequities. Its will and its seriousness will be tested this year.

We can and should create a fairer society—and, in my judgment, a more successful and rewarding society for all Americans in which every person is treated with dignity and respect and one in which everyone can grow to her or his fullest potential as a human being.

I ask unanimous consent that the following excerpted conclusions of the Ginsburg-Fasteau study, entitled "The Legal Status of Women Under Federal Law," be printed in the RECORD.

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

[Excerpts From "the Legal Status of Women Under Federal Law]

CONCLUDING COMMENT—I. CONGRESSIONAL RESPONSIBILITIES FOR COMPREHENSIVE REVISION: PRINCIPAL DIRECTION OF NEEDED REFORM

Equalization of the treatment of women and men under federal law is an overdue task which should command priority attention in Congress. . . . [M]yriad unwarranted differentials clutter the U.S. Code. Many are obsolete or of minor importance when viewed in isolation. But the cumulative effect is reflective of a society that assigns to women, solely on the basis of their sex, a subordinate or dependent role.

Several of the differentials . . . could not survive judicial scrutiny even without an equal rights amendment to the Constitution. All of them are vulnerable under the national commitment to eradicate gender-based discrimination, evidenced most dramatically by the overwhelming approval Congress gave to the equal rights amendment. The statutory revision . . . should be commenced with diligence and dispatch. As we enter the closing quarter of the twentieth century, join in the celebration of International Women's Year in 1975, and prepare for our bicentennial, federal law should not portray women as "the second sex," but as persons with rights, responsibilities and opportunities fully equal to those of men.

We have recommended that the laboring oar in the revision process be wielded by Congress itself. . . . Each standing committee should deal with the laws falling within its subject matter domain. The eventual product might be an omnibus bill aimed at eradicating all discriminatory or unnecessary gender-based provisions or references. Alternately, amendments might be introduced Title-by-Title. A congressional effort of this dimension could serve as a model for similar efforts in the states, and in other nations.

Three aspects of comprehensive revision warrant special emphasis. First . . . review should encompass the manifold regulations prescribed under the various laws . . . . Second, all antidiscrimination statutes should be canvassed so that sex may be added to the catalogue in instances where, currently, it is not included. Third, Congress should advert to the concept that pervades the Code and that must be rooted out if the principle of equal rights, responsibilities and opportunities, free from gender-based discrimination is to achieve realization—the notion that the adult world is (and should be) divided into two classes: independent men, whose primary responsibility is to win bread for a family; dependent women, whose primary responsibility is to care for children and household. . . . [A]llocation of responsibilities within the family is a matter properly determined solely by the individuals involved. Government should not steer individual decisions concerning household or breadwinning roles by casting the law's weight on the side of (or against) a particular method of ordering private relationships. Rather, a policy of strict neutrality should be pursued. That policy should accommodate traditional patterns. At the same time, it should assure removal of artificial constraints so that women and men willing to explore their full potential as human beings may create new traditions by their actions.

EXHIBIT 1

[From the Washington Post, Feb. 19, 1975]

REPRESENTATIVE HAWKINS ON "AFFIRMATIVE ACTION"

(By William Raspberry)

Rep. Augustus F. Hawkins (D-Calif.) wants in on the debate over "affirmative action."

The debate has been heating up since last December when Peter Holmes, head of HEW's Office for Civil Rights (HEW-OCR), issued new guidelines to "clarify" the responsibility of colleges and universities in hiring minorities and women for faculty positions.

The guidelines followed sustained pressure from certain groups, including some college and university faculty members, to soften HEW's requirements. Or, as it was usually put, to make certain that misinterpretation of the requirements did not lead to "reverse discrimination."

Congressman Hawkins has taken a good, hard look, and what he sees is not reverse discrimination but "HEW-OCR's abrogating its responsibility under the law."

Under the Holmes clarification, college and university presidents, formerly under the im-

pression that they would have to increase their hiring of minority and women faculty members, on pain of losing their federal funds, now know better.

The clarification goes in two important directions. Those university chiefs who want to increase their minority and female representation were told that they cannot advertise in any way that might seem to discourage white, male applicants.

And those who don't want to change their hiring practices were told that they won't really have to, so long as they are careful to make sure that the list of rejected applicants contains the appropriate number of minorities and women and so long as none of the rejects is demonstrably better qualified than those who are hired, with the university itself the sole judge of qualification.

The requirements, guidelines and clarifications have their roots in Executive Order 11246 (as amended), which calls for federal contractors to ban ethnic, religious or sex discrimination in their hirings practices. It also requires them to take "affirmative action" to see to it that their practices are not discriminatory. Violation of the order could lead to cancellation of government contracts, although it rarely has.

"HEW–OCR is responsible under the executive order to enforce the order's provisions in all the (approximately 1,000) higher educational institutions having contracts with the federal government," Hawkins points out. "In light of (Holmes' "clarifying" memo), a major concern being expressed by growing numbers of minorities and women seeking college faculty employment, by minority contract compliance officers, by civil and human rights advocates, and by some members of Congress, is the question of HEW–OCR's employment enforcement inadequacies."

There also are growing doubts over HEW's willingness to enforce equal-employment provisions, "since its obvious interests are in the supposed preferential treatment being given to minorities and women," Hawkins told The Washington Post.

The real issue—in fact, the only issue—is the systematic, consistent, deliberate denial of equal employment opportunities to minorities and women by institutions of higher education, and the encouragement HEW–OCR has given these institutions to continue their policy of discriminatory hiring of faculty."

The discrimination is continuing, says Hawkins, even though the widespread charges of "reverse discrimination" might give the impression that minority and female professors are flooding the college campuses.

He cites data from the Civil Rights Commission report of last month showing that between 1968 and 1973 the percentage of blacks rose only from 2.2 to 2.9. The increase of women faculty members during the same period was from 19.1 per cent to 20 per cent.

"Clearly, the promise of equal employment opportunity has not been achieved in institutions of higher education," the Civil Rights Commission said, charging that "HEW's failure to enforce the executive orders has played no small role in frustrating this objective."

Hawkins, looking at the same data, sees clear evidence of HEW–OCR's foot-dragging in response to its federally mandated obligation."

"Mr. Holmes wants to make a major case for so-called reverse discrimination," said the chairman of the Equal Opportunities subcommittee of the House Committee on Education and Labor. "If reverse discrimination truly exists, it must be operating in a vacuum, since those persons supposedly experiencing this kind of discrimination (white, Anglo-Saxon Protestant males) still overwhelmingly control all of our nation's colleges and universities.

"They have not suffered any meaningful employment problems; the continued low numbers of minorities and women in college and university faculty positions attest to this fact."

He said Holmes' office has no realistic affirmative action policy and "obviously they need some assistance in this matter."

"That assistance is forthcoming," Hawkins promised.

SENATE CONCURRENT RESOLUTION 20—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO THE APPROPRIATION OF SUPPLEMENTAL MILITARY AID TO SOUTH VIETNAM AND CAMBODIA

(Referred to the Committee on Appropriations.)

A BANKRUPT POLICY IN SOUTHEAST ASIA

Mr. TUNNEY. Mr. President, the American taxpayer has just been confronted with a dismal picture of continuing economic stagnation and heavy pressure to limit Government spending. What we do not need, to add to this burden, is a further, futile expenditure of over half a billion dollars in Southeast Asia in the next 5 months.

Congress has appropriated $700 million for military assistance to South Vietnam for the current fiscal year, and authorized spending $200 million for Cambodia—both figures exclusive of various kinds of assistance through the Agency for International Development, which help the military effort. President Ford has now asked for a supplemental appropriation in this fiscal year—which has just 5 months to go—of $300 million for South Vietnam, and $222 million for Cambodia.

Mr. President, this is an echo of a bankrupt policy. At this time last year, the Nixon administration made a similar request for some $250 million in extra spending authority for South Vietnam, with exactly the same rationale—without more arms, the Thieu regime would collapse. Congress refused to grant the supplemental authority, and South Vietnam did not collapse.

Today we are hearing the same refrain. But the administration is not merely suggesting that some emergency aid be given to take care of a temporary shortage of arms. It is setting the stage for a massive permanent increase in American arms shipments to Southeast Asia. The American people may not realize the magnitude of this supplemental request. With $700 million appropriated for the full fiscal year 1975 for South Vietnam, a $300 million supplemental for the last 5 months would indicate a doubling of arms shipments. And the administration request for $1.3 billion for fiscal year 1976 indicates that this new, doubled rate of arms shipments is intended to continue for at least the next 18 months. The same is true on an even greater scale for Cambodia, where the administration wants a supplemental appropriation for 5 months which is larger than the original appropriation for 12 months. And the fiscal year 1976 request for Cambodian arms will be a stupendous $450 million, double this year's appropriation and over half the total military aid program worldwide. Is this a strategy of disengagement?

Mr. President, I submit that this supplemental request is completely unjustified. Rather than doubling the rate of expenditure in Southeast Asia, we should be continuing the trend of phasing it out. This supplemental appropriations request represents more of the mentality which got us into Vietnam in the first place—more spending, more guns, more soldiers will solve the problem.

The truth is that only the Vietnamese and Cambodians themselves will solve their problems, through negotiations. This has been the simple fact for almost 30 years, but American leaders have rarely realized it. A further infusion of American arms will not save South Vietnam or Cambodia, but will only persuade the present governments to fight on. Surely no one thinks that Saigon or Phnom Penh will be able to turn the tide and defeat their enemies, even with 10 times more arms. Any great increase in American arms shipments will only be matched by new shipments from the Soviet Union or China. The situation is at a stalemate, or worse, and it will do no good for us to send more money down a bottomless pit. We must instead stay on our present course—a steady and rapid phaseout of our financial support for the Thieu regime.

The failure of the parties involved to adhere to the Paris peace agreement is surely the fault of both sides. At no time after the agreements were signed did President Thieu appear genuinely willing to attempt the political compromises outlined in the agreements. He kept North Vietnamese negotiators cordoned off in a compound at an army base. He used his massive American assistance to try to expand his territorial control. Unfortunately, the United States has helped the Thieu regime consistently in its failure to seek a negotiated settlement. We have given material and political support which undermined the peace accords, starting even before they went into effect, which could then be legally replaced. It is small wonder that the North Vietnamese were skeptical, and did not for their part adhere to the agreements either. One result has been our inability to make an accounting of our MIA's and POW's. Last year the Congress made a finding that the peace agreements had been broken by both sides.

Now the United States has announced that it is officially renouncing the peace agreement, and will not adhere to its provisions, because of North Vietnamese violations. Already American reconnaissance planes are overflying the North, and Vietcong areas in the South, contrary to provisions of the agreement. What will be next: Armed planes to protect the reconnaissance flights; reintroduction of American advisers; more troops to protect our advisers? Mr. President, we seem to be on the same path which our Nation started down 12 years ago, an inching into quagmire.

It is most sad that President Ford refuses to take a more realistic view of American's priorities. American prestige has long since been tarnished by our involvement in Vietnam, and can receive no boost by continuing to wastefully prop up two corrupt dictatorships.

Once and for all, our leaders must

break away from the light at the end of the tunnel syndrome. State Department officials, and now President Ford as well, have been saying that it will be possible to phase out American financial and military aid to South Vietnam within 3 to 5 years—if only we give a big enough boost now to "get them over the hump." Well, South Vietnam has been on a 12-year hump, and it has yet to get over it. I submit that there is no reasonable likelihood, given a continuation of current policies, that we will ever be extricated from a $2 billion a year "habit" in Southeast Asia.

We must make the firm decision that it is in America's interest to disengage from Southeast Asia, and leave the solution of the political problems there to the parties. We must set a schedule for ending our financial assistance and end it. Our domestic stringencies, no less than international realities, require a rapid phaseout of this expensive, and endless subsidy.

Mr. President, I believe my colleagues in the House and the Senate agree with the points I have been discussing. In order to formalize that agreement, I am today submitting a concurrent resolution stating that no supplemental military assistance should be appropriated for South Vietnam or Cambodia in this fiscal year, and calling for a firm schedule to terminate all military assistance. The resolution also calls on the U.S. Government to adhere to all the terms of the Paris peace agreements, and make new efforts to negotiate a true peace in Southeast Asia with the other parties concerned.

Mr. President, I hope this resolution will be supported by my colleagues in both Houses. I am convinced that it represents the wishes of the American people.

I ask unanimous consent to have the text of the concurrent resolution printed in the RECORD at this point.

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

S. CON. RES. 20

Whereas a settlement of the present conflict in South Vietnam and Cambodia is vital to the peace and security of Southeast Asia and is in the best interests of world peace and stability; and

Whereas a settlement depends upon the right of the Vietnamese people to determine their own destiny pursuant to The Vietnam Agreement and Protocols, signed January 27, 1973; and

Whereas Article 3 of the Agreement On Ending The War And Restoring Peace In Vietnam (the Agreement) states that: "The parties undertake to maintain the cease-fire and to ensure a lasting and stable peace"; and

Whereas Article 20 of the Agreement states that: "Foreign countries shall put an end, to all military activities in Cambodia . . . totally withdraw from and refrain from reintroducing . . . troops, military advisors and military personnel, armaments, munitions and war material"; and

Whereas a massive increase in the financial assistance for military use in Vietnam and Cambodia would undermine the purpose and the goals of the Agreement and the ability of the Vietnamese and Cambodian people to achieve their own sovereignty as called for in Articles 1 and 20 of the Agreement; and

Whereas the Agreement has been further undermined by the recent statements of the United States government suggesting that it would not be bound by all the provisions of Agreement because of North Vietnamese violations; and

Whereas the lack of negotiations between the parties under the Agreement precludes the United States from achieving an accounting of American personnel listed as Missing In Action as called for in Article 8 and the Protocol on Prisoners and Detainees; Now therefore, be it

Resolved by the Senate (the House of Representatives concurring), That, no supplemental military appropriations be made in this fiscal year to South Vietnam or Cambodia;

SEC. 2: That, a firm schedule be set for the ending of military, financial assistance by the United States to Vietnam and Cambodia, concurrent to the greatest practicable degree with similar reductions in military assistance by the other signatories and endorsing parties to the Agreement;

SEC. 3: That, the United States adhere to all terms of the Agreement, and make all efforts to renew diplomatic negotiations between the signing parties and the other endorsing countries to resolve the current conflict, achieve an accounting of United States personnel, and create a lasting settlement.

SENATE CONCURRENT RESOLUTION 21—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO SHIPMENT OF ARMS TO PAKISTAN AND INDIA

(Referred to the Committee on Foreign Relations.)

Mr. HOLLINGS (for himself, Mr. CHURCH, and Mr. CRANSTON) submitted the following concurrent resolution:

Resolved by the Senate (the House of Representatives concurring). That it is the sense of the Congress that the United States embargo against the shipment of arms to Pakistan and India should be reinstituted without delay.

Mr. HOLLINGS. Mr. President, it seems that insofar as South Asia is concerned, our diplomats never learn. About the only lesson they derive from making a mistake is how to make the same mistake all over again. And that is exactly what is happening right now with regard to our policy for India and Pakistan.

The administration has announced that the United States is lifting its 10-year-old embargo on the sale of arms to Pakistan.

There is no justification for lifting the embargo. This particular step at this particular time erodes further the already fragile position of the United States in that area of the world. It undoes in one fell swoop the painfully slow progress that has been made in moving forward from the chaos and bitterness of recent years. Pakistan and India have been taking a few very halting—but nevertheless forward—steps. And the United States and India had gradually begun emerging from the recrimination caused by our wrong headed and disastrous policy at the time of the war for Bangladesh. A new American Ambassador was on his way to India, hopefully to inaugurate an era of better feeling. All of these developments are now in serious jeopardy, thanks to the precipitous and ill-advised lifting of the embargo by the Ford administration.

Mr. President, I am not going to recite the lengthy history of our policy on the subcontinent. I believe that observers such as Chester Bowles were essentially correct in believing that our initial decision to supply arms to Pakistan—taken in the early 1950's—was based on misguided and erroneous assumptions that bore no relation to the long-term strategic interests of the United States. Our concept of what Pakistan would be able to do for us in the eventuality of a direct Soviet move into the Middle East was vastly overblown. And, by initiating the arms shipments, we fueled an ever-escalating arms race on the subcontinent that has, first, encouraged open warfare between India and Pakistan on more than one occasion; second, opened the road to Soviet penetration of India through the supply of arms and aid; and third, diverted the scarce national resources of India and Pakistan from economic development to military stockpiling. Whatever our intentions were—and I am certain they were good and honorable—the policy was bankrupt from the start. To go back to arms sales now compounds the felony.

I remember back in more hopeful days—in those early days of the New Frontier—the talk was about developing India as the great example of democracy and economic prosperity in Asia, in contrast to its neighbor China, thereby winning hearts and minds all through the third world. It was an ambitious agenda—beyond the power of any country to bring about. Yet when we stop to think that almost everything we have done in the 1970's has worked against the better interests of the United Sates in South Asia, and has only weakened the ability of India to address its gigantic social problems—we can only wonder in amazement. There has been no realism, no sense of proportion, attached to our policy on the subcontinent. From those first assurances of President Eisenhower that our military aid to Pakistan would never be diverted for use against India—a commitment impossible to fulfill—to our completely mistaken attitude over Bangladesh, and now to this resumption of arms sales to Pakistan—every step has cost us influence.

Just as the Soviets were quick to take advantage before, so they are poised again now. While our new Ambassador is forced to cool his heels in Thailand, because of the reception which awaits him in India, the Soviet Defense Minister, Marshal Grechko, has just been given a red-carpet welcome, and he no doubt goes to India bearing arms and other assistance.

Mr. President, I am today introducing a concurrent resolution putting Congress squarely on record in favor of reinstituting the arms embargo. I hope we can act on this promptly. And I hope that the administration will reconsider—and leave all talk of "tilts" and the like as reminders of a bleaker past rather than as policy prescriptions for today and tomorrow.

AMENDMENT SUBMITTED FOR PRINTING

RESOLUTION TO AMEND THE STANDING RULES OF THE SENATE—SENATE RESOLUTION 4

AMENDMENT NO. 22

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

Mr. BROCK submitted an amendment intended to be proposed by him to the motion of the Senator from Minnesota (Mr. MONDALE) in connection with the resolution (S. Res. 4) amending rule XXII of the Standing Rules of the Senate with respect to the limitation of debate.

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 20

At the request of Mr. DOLE, the Senator from New York (Mr. BUCKLEY) and the Senator from Idaho (Mr. MCCLURE) were added as cosponsors of amendment No. 20, intended to be proposed to House Joint Resolution 210, making further urgent supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

NOTICE OF HEARING

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, March 5, 1975, at 10:30 a.m., in room 2228, Dirksen Senate Office Building, on the following nomination:

Thomas J. Meskill, of Connecticut, to be U.S. circuit judge for the second circuit, vice J. Joseph Smith, retired.

Any persons 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 Arkansas (Mr. MCCLELLAN), the Senator from North Dakota (Mr. BURDICK), the Senator from Nebraska (Mr. HRUSKA), the Senator from Pennsylvania (Mr. HUGH SCOTT), and myself as chairman.

NOTICE OF HEARINGS ON FINANCIAL CONDITION OF LOCAL HOUSING AUTHORITIES

Mr. SPARKMAN. Mr. President, I should like to announce that the Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing and Urban Affairs will hold 2 days of oversight hearings on the financial condition of local housing authorities on March 11 and March 14, 1975.

The hearings will be held in room 5302 of the Dirksen Senate Office Building and will begin at 10 a.m. each day.

The subcommittee would welcome statements for inclusion in the record of hearings.

NOTICE OF HEARINGS ON EMERGENCY HOUSING

Mr. SPARKMAN. Mr. President, I should like to announce that the Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing and Urban Affairs will hold 4 days of hearings—March 17 through March 20—on emergency housing and housing/energy legislation. The bills include S. 587, S. 591, S. 655, S. 660, S. 748, S. 751, S. 773, and titles X and XI of S. 594.

The hearings will be held in room 5302 and will begin at 10 a.m. each day.

Those wishing to present testimony before the subcommittee on these bills should contact Dorrie Thomas, of the Housing Subcommittee staff, room 5226, Dirksen Senate Office Building, 224-6348.

The subcommittee would also welcome statements for inclusion in the record of hearings.

ANNOUNCEMENT OF CONSUMER PROTECTION HEARING

Mr. RIBICOFF. Mr. President, the Committee on Government Operations will hold a hearing on Thursday, March 6, at 10 a.m. in room 3302, Dirksen Senate Office Building, to receive testimony relating to S. 200, the Consumer Protection Act of 1975, from representatives of the U.S. Chamber of Commerce and the National Association of Manufacturers.

These two witnesses were scheduled to testify on February 24. However, insufficient time was available. Because these witnesses are most important as leading opponents of S. 200, I feel that it is important to give them sufficient time and the full attention of the committee to present their views on this important legislation. I urge as many members of the committee as possible to attend. The public is invited.

NOTICE OF HEARINGS ON REORGANIZATION OF THE FIFTH AND NINTH JUDICIAL CIRCUITS

Mr. BURDICK. Mr. President, I wish to announce that open public hearings have been scheduled before the Subcommittee on Improvements in Judicial Machinery on S. 729, a bill to improve judicial machinery by reorganizing the fifth and ninth judicial circuits, by creating additional judgeships in those circuits, and for other purposes.

These hearings are a continuation of 6 days of hearings held in September and October 1974 on this same subject matter.

The hearings will be held on March 18, 19, and 20, 1975, in room 6202 Dirksen Senate Office Office Building, beginning at 10 a.m. each day.

Those who wish to testify or submit a statement for inclusion in the record should communicate as soon as possible with the Subcommittee on Improvements in Judicial Machinery, 6306 Dirksen Senate Office Building, 224-3618.

NOTICE OF HEARING

Mr. KENNEDY. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing on the Senate Subcommittee on Health, Committee on Labor and Public Welfare.

The hearing is scheduled for April 8, 1975, beginning at 10 a.m. in room 4232 of the Dirksen Senate Office Building. Testimony is invited regarding three bills presently before the committee concerning malpractice insurance for physicians, other health professionals, and institutional health care providers. S. 188, S. 215, and S. 492 will be the focus of these hearings.

For further information regarding the hearings, you may wish to contact Dr. Stuart Shapiro with the Senate Health Subcommittee at 224-9786. Those wishing to testify or submit a written statement for the hearing record, should write to Dr. Shapiro at the Senate Subcommittee on Health, Committee on Labor and Public Welfare, room 4228 Dirksen Senate Office Building, Washington, D.C. 20510.

NOTICE OF HEARINGS

Mr. MUSKIE. Mr. President, I would like to announce a series of Budget Committee hearings to prepare for reporting our first concurrent resolution on the Budget in April. These hearings will focus on major issues having significant fiscal impact in fiscal 1976.

The committee will receive testimony from public spokesmen, Administration officials, and other Senators as we work toward producing a budget resolution containing aggregate totals for spending and revenues for fiscal 1976.

The hearings will begin on Tuesday, March 4. Additional hearings will take place March 5 through March 7, March 10 through March 14, and March 17 and 18.

On Tuesday, March 4, the committee will concentrate on the impact of the 1976 budget on jobs and the economy. Among the witnesses will be Leonard Woodcock, president of the United Auto Workers; Jerry Wurf, president of the American Federation of State, County, and Municipal Employees; Vernon Jordan, executive director of the National Urban League; and a panel of distinguished business leaders. This hearing will begin at 10:30 a.m. in room 4232, Dirksen Senate Office Building.

On Wednesday, March 5, the committee will examine how the 1976 budget affects State and local governments. Appearing to testify will be a panel of governors from the National Governors Conference and a panel of mayors from the National Conference of Mayors and League of Cities. This hearing will begin at 10 a.m. in room 6202 Dirksen Senate Office Building.

On Thursday, March 6, the committee will focus on the various energy policy options and their impact on the 1976 budget. Among the witnesses to be testifying will be Frank Zarb, Administrator of the Federal Energy Administration

and Charles Schultze, Senior Fellow at the Brookings Institution. This hearing will begin at 10 a.m. in room 6202 Dirksen Senate Office Building.

On Friday, March 7, the hearings will concentrate on fiscal policy in the 1976 budget. Among the witnesses to be testifying are Senator HUBERT HUMPHREY, chairman of the Joint Economic Committee; and Prof. Gerard Adams and James Tobin. This hearing will begin at 10 a.m. in room 6202, Dirksen Senate Office Building.

The hearings will continue the following week with testimony from Alan Greenspan, chairman of the Council of Economic Advisers; James Lynn, Director of OMB; Arthur Burns, Chairman of the Federal Reserve Board; Secretary of Defense James Schlesinger; and Secretary of HEW Caspar Weinberger. Further details of these hearings will be announced next week.

All of these hearings will be open to the public.

ADDITIONAL STATEMENTS

AID TO SOUTHEAST ASIA

Mr. THURMOND. Mr. President, an interesting article by Walt W. Rostow, national security adviser to the late President Lyndon B. Johnson, published in the Washington Star-News February 16, 1975, makes a strong case for aid to Southeast Asia.

Mr. Rostow also warned that far-reaching ill effects will come from efforts in the Congress to dictate foreign policy. He noted that similar moves by the Congress in the early part of this century contributed substantially to the coming of the Second World War.

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:

NUCLEAR STAKES IN SOUTHEAST ASIA

(By Walt W. Rostow)

From all accounts, a majority in the Congress appears seized of the idea that we should limit our military assistance to Cambodia and South Vietnam in the face of the military offensives they confront, despite the judgment of the executive branch that this may well lead to Communist victory in the area.

Those supporting this limitation are in the position of arguing that it would be better for the people of Southeast Asia to have peace than war, even if peace brings Communist control. They also say that the American people have had enough of Southeast Asia, and a majority of our citizens supports a cut-off of aid to the area.

It is understandable after all that has transpired over the last 30 years that the American political process should generate moods like these; but, as George Kennan wrote in another context: "History does not forgive us our national mistakes because they are explicable in terms of our domestic politics." What if the destruction of independent non-Communist states in Southeast Asia should irreversibly lead not to "peace" but to greater instability and conflict in the world than we already know?

Specifically, members of Congress ought to consider these four points before casting their votes.

Whatever moral judgments or domestic political imperatives may move individual members of Congress, the United States will appear to the rest of the world to have knifed in the back an embattled ally. And we will have done so after that ally had successfully held his own over the more than five years since American troop withdrawals began, accepting increased casualties, despite an American-negotiated truce settlement that has not been honored by Hanoi and on whose enforcement Washington has not insisted once our prisoners were home.

A part of that settlement was the understanding that we would supply the South Vietnamese with arms to match those mounted against them. There is no North Vietnamese weapon that does not come from its allies in Moscow and Peking. It is inevitable that an American cut-off of military supplies to Southeast Asia shakes our alliances in every part of the world. Our allies may differ in the weight they attach to events in Southeast Asia; but they are all vitally affected by the record of American reliability in honoring its treaty commitments and other promises.

A loss of confidence in American reliability could lead to further nuclear proliferation. A good many countries have moved close to the threshhold of nuclear weapons production. One barrier that has thus far prevented their taking this fateful step is the greater advantage of explicit or implicit security ties with the United States than the development of independent nuclear capabilities can provide. An American foreign policy dominated by moods of a Congress prepared to alter unilaterally treaty relations as well as agreements made by the executive branch, is not likely to commend itself as the foundation for national security to a number of important nations in a world they perceive as still potentially dangerous. By several routes, nuclear proliferation increases the chances of nuclear war.

In Southeast Asia itself, the action of Congress may well lead to a larger war rather than to peace. That action will signal to other powers a definitive American abandonment of interest in Southeast Asia and set off a scramble for power to fill the vacuum.

The situation in the region differs in a number of ways from that in 1965. Thailand and Indonesia, for example, are stronger now, and perhaps some of the other states as well. On the other hand, the long line of the Mekong still renders Thailand vulnerable to a Communist conquest of Indochina; and the fate of Burma runs with that of Thailand, as both parties have long recognized. Since independence, the Indian foreign policy has systematically regarded the independence of Burma (and Malayasia, too) as a direct vital interest. Thus, a congressional cut-off of military aid could set in motion a confrontation between India and China, as well as a Chinese-Russian confrontation. Both confrontations now carry the potentiality of nuclear war.

Finally, the resources of Southeast Asia, until recently a factor of negligible interest, have increased in importance to Japan and Western Europe as well as to the United States; that is, the oil of Indonesia and the potential deposits of the South China Sea. In a world enmeshed in a long-term energy crisis, the sea routes which Indochina dominates assume increased importance.

This is not the first time in our history that the Congress has exercised intimate control over foreign policy. The first time it happened, in the 1780s, it yielded such dangers to the republic that the nation reluctantly accepted the Constitution under which we have lived successfully for almost 190 years. The last time it happened, between 1918 and 1940, the policy of the United States contributed substantially to the coming of the Second World War.

The voices now dominant in the Congress, echoing their isolationist predecessors, are once again seeking to impose their vision of how the world ought to be, as opposed to the way the world really is. Those who know better are mainly silent; cowed by the media, tired from a long enervating struggle, unwilling to say what they believe after the bruising battles of the past generation. But history is without pity—even for the United States. To quote Kennan again: "A nation which excuses its own failures by the sacred untouchableness of its own habits can excuse itself into complete disaster."

And this time the disaster could be nuclear war.

THE CAMBODIAN CRISIS

Mr. HUMPHREY. Mr. President, the best information available this morning in Washington indicates that the Cambodian forces of President Lon Nol are increasingly unable to mount an effective defense. They have been unable to reopen Cambodia's vital Mekong river supply routes. It now appears doubtful that they can insure the security of the Phnom Penh airport which represents that country's last means of supply from the outside world.

On the civil side, the Phnom Penh Government is clearly unable to provide even the minimum functional distribution of food to the starving. Its economy has clearly collapsed.

Neither Cambodia's military or economic problems result from a lack of resources. Both food and ammunition are available in greater quantities than can be moved into the beseiged capital.

At the present time the Cambodians are consuming approximately 500 tons of ammunition each day. If the supplemental funds were approved, there is little or no reason to believe that the additional increase in ammunition supply over the 500-ton consumption rate could turn the tide for the Lon Nol government. But even more significantly, it is very doubtful that increased supplies of ammunition can be moved into the country and then distributed, in view of blocked river routes and an airport which may be closed any day.

These facts are well known to the President and to the Secretaries of State and Defense. The best intelligence estimates available to them must suggest, if not conclude, that Cambodia's defense is highly questionable even if the additional aid were available today. Other evidence confirms that negotiation between the Lon Nol government and the insurgents is out of the question because it is as evident to the latter as it is to U.S. experts that President Lon Nol cannot survive and that he has lost the confidence of his people.

Knowing this, it is misleading and unfortunate for the President and the Secretaries of State and Defense to tell the American people that Phnom Penh will fall if the Congress does not act. They know that in all likelihood Phnom Penh cannot be saved even with additional money.

Thus it is unfair for the administration to seek to lay at the feet of the Congress the blame for a rapidly deteriorating situation in Cambodia.

The Congress has already supplied nearly $1.8 billion in economic and military assistance to Cambodia since 1970. This year alone we have provided $452 million in aid.

We have no defense commitment to the Lon Nol government. The Congress has repeatedly declared this in legislation which both President Nixon and President Ford have signed into law. The administration itself has heretofore disclaimed any defense commitment to Cambodia. Instead of seeking to make the public believe that some obligation exists, the administration should join with the Congress and urge that President Lon Nol and his group now step aside and allow others to arrange an immediate cease fire and emergency relief measures.

The Lon Nol government is beyond help but the Cambodian people are not. We should recognize now that the limiting factor in Cambodia is not our aid but Phnom Penh's will. We should acknowledge that the only course we can now follow is to alleviate the suffering of the Cambodian people and supply food for the population.

The Congress and the executive branch should take action together without recrimination and finger pointing. There is blame enough on all sides. What we must do now is to stop the slaughter of the innocents.

Mr. President, I ask unanimous consent that my opening statement on Cambodia, made as chairman of the Subcommittee on Foreign Assistance and Economic Policy at our hearing on the supplemental request, be printed in the RECORD.

I also ask unanimous consent that an excellent editorial on Cambodia in the Washington Post of February 25, 1975, be printed in the RECORD.

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

SENATOR HUBERT H. HUMPHREY'S OPENING STATEMENT

It is ironic that this, the first session of this newly created Subcommittee on Foreign Assistance and Economic Policy of the Committee on Foreign Relations, should be concerned with the question of authorizing supplemental military assistance to Cambodia. Most of us favor and would like to focus the attention of this subcommittee on, programs of economic development and efforts to improve the lives of poor people. But since the days of the Marshall Plan and Point Four we have seen foreign aid turned increasingly to political purposes with far greater priority attached to the military and political assistance rather than to programs designed to feed and to improve the standards of living of the less fortunate areas of the world. As much as we would like to put the contentious issues of Indochina behind us, it appears we must confront them once again.

Earlier this year, the Administration submitted a request for a $578.3 million to provide economic, military and food assistance to Cambodia. Portions of that request were considered in this Committee and its recommendation was that all the requested food aid should be provided, that $100 million of economic aid be provided and that $200 million in military aid be authorized for the entire fiscal year—all for a total of $377 million. We put a firm ceiling of $377 million on the total aid that could be provided. Subsequently, the Administration sought and obtained as part of the final Foreign Assistance Act authority to use $75 million from the so-called drawdown of existing Defense Department stocks of supplies and ammunition to augment the $200 million military assistance program. Thus, the total presently available for assistance to Cambodia is $452 million—a rather substantial sum.

The Appropriations committees have not yet acted upon the FY 1975 aid program authorization. Nevertheless, we are informed by the Executive Branch that regardless of what action the Appropriations committees take, the entire $275 million authorized for Cambodia military assistance, including the drawdown authority, has already been obligated.

Last month the President indicated his intention to request a supplemental authorization to provide an additional $222 million in military assistance for Cambodia. At the request of the Executive Branch, the Chairman of our full Committee, Senator Sparkman, introduced a bill, S. 663, to authorize this assistance. It is that bill which we are now convened to consider.

If approved, the Administration's request would remove the ceiling and on the basis of its present planning, allow the Administration to give Cambodia at least $745 million, or $167 million more than requested as the fiscal year began. And the total could go much higher. If the ceiling is lifted, it would mean that vast amounts of Public Law 480 commodities could be shipped to Cambodia—provided they could be delivered—and, possibly, that both economic and military assistance funds would be transferred from programs in other countries for use in Cambodia.

Since this bill was submitted, the military and economic situation in Cambodia has deteriorated drastically. We are told that supplies of ammunition in Phnom Penh are severely limited and that the rice on hand in Phnom Penh will last no more than another month. The Mekong River, upon which the capital of Phnom Penh has been dependent for its supplies over the past few years, has now been closed by the forces which oppose the Cambodian government. The only supplies which are reaching Phnom Penh today are those which are flown in by air. Such shipments consist almost entirely of ammunition.

As long as a year ago this Committee was advised by its staff that Cambodia's economy had, for all practical purposes, ceased to exist and that only the determined efforts of the American Embassy kept the governmental machinery moving.

Many of us will remember, and perhaps be unable to forget, the newspaper story which appeared in the Washington Post on Friday, February 21 concerning Cambodia. The story was entitled, "A Child Dies in Phnom Penh." It described the death of a two year old boy who perished for lack of food. According to the story, he died not because "there is not enough food in the city but because there is no distribution system to help the vast majority of poor people who can no longer afford to feed their children enough to keep them healthy." Indeed, there are thousands of tons of rice for Cambodia on hand in Vietnam and in transit but Cambodia's army cannot clear the banks of the Mekong River to ensure its passage.

We need to consider this afternoon whether the legislation before us will do anything to alleviate this problem. In addition, we need to consider whether the passage of this legislation would bring about an end to the war, whether it would shorten it, or indeed, whether it would only prolong the fighting with no prospect other than continued conflict between the two competing Cambodian factions.

We need to know what the prospects are—if any—for a cease-fire or a commencement of negotiations between the authorities in Phnom Penh and those who direct the forces opposing the central government.

At the time the aid request for this fiscal year was originally submitted, Secretary Kissinger stated that the "increasing strength" of the government of Cambodia would "encourage the Khmer Communists toward a political settlement rather than continued conflict." Secretary Kissinger also wrote a year ago, "We are convinced that with U.S. military and diplomatic support the Khmer Republic's demonstration of military and economic viability will persuade their now intransigent opponents to move to a political solution of the Cambodian conflict." Since that was written the United States has spent a half billion dollars providing the support Secretary Kissinger requested.

We must also take note of Secretary Schlesinger's statement yesterday to the effect that the United States' word would be "suspect" in the Middle East, China and elsewhere unless the supplemental money is approved. In this connection I would cite Section 655(g) of the Foreign Assistance Act which states that the provision of aid to Cambodia "shall not be construed as a commitment by the United States to Cambodia for its defense." That statement of policy, originally enacted by the Congress in 1971, has been reincorporated in every foreign aid bill since that date and duly signed by the President. Notwithstanding that strong disclaimer, it cannot be said that an extraordinary effort has not been made to aid the Cambodians. In fact, since the overthrow of Prince Sihanouk, and with the program currently planned for this fiscal year, the Lon Nol government would have received a total of $1.75 billion in United States aid. If the supplemental legislation is approved, that total would go above $2 billion—at a minimum.

It seems to me that events in Cambodia have gone far beyond the point where we should be concerned about trying to support continued military actions on the part of the Phnom Penh forces and should turn our attention instead to the alleviation of the terrible suffering and bloodshed occurring on both sides in this civil war. How does it make any sense to ask for $222 million worth of ammunition which can't be delivered when children are starving and the Cambodian people are desperate for peace?

We are pleased to have as our primary witness this afternoon, Philip Habib, Assistant Secretary of State for East Asian Affairs. Mr. Habib is an experienced diplomat and a forceful advocate. We hope that you will lay the situation out for us in its plainest terms, Mr. Habib.

CAMBODIA'S AGONY

Senator Humphrey asked the right question yesterday at a Senate hearing on aid for Cambodia. How will the provision of more aid, he said, ease the suffering of the Cambodian people and hasten the end of the war? For Mr. Humphrey feels—and we suspect he represents a congressional majority on this point—that simply to vote more aid, without there being a reasonable expectation that it will be "effective," is becoming more pointless, if not also more cruel, by the day. There is starvation in Phnom Penh, and the insurgents are gaining steadily. Just to keep the Lon Nol government in office, without providing either relief for the people or the prospect of a settlement in Cambodia's civil war, seems less and less worthwhile.

Unfortunately, the administration has yet to show that it understands the basis of these congressional doubts. Ignoring the relentless deterioration of the Lon Nol government's entire position, the administration keeps intoning that it seeks only an "early compromise settlement," even while it acknowledges that the chances of such a settlement are receding from sight. In fact, the evident deeper American purpose in Cambodia is to uphold its credibility or, as Secretary of Defense Schlesinger put it on

Sunday, its "word." This is the basis on which officials urge Congress not to "desert" an "ally," as Congress considers a request for $222 million more in military aid on top of $377 million already obligated in all categories in this fiscal year.

We think this plea arises from a misperception of the Congress as well as of the American relationship to Cambodia. Cambodia is not an "ally," after all, but a state haphazardly and extra-constitutionally made an American client by the American "incursion" of 1970. The Congress does not so much wish to "desert" Cambodia, we think, as to spare it further destruction. We see not so much a congressional desire to escape the responsibility which the United States took on five years ago, as a wish to discharge that responsibility in a way which leaves Cambodians in a position to appreciate the results.

Perhaps the choice before Congress will be mooted by the collapse of the Lon Nol regime in the next few months. It is hard to see what keeps it upright, anyway. But while that denouncement would bring the current agony of Cambodia to a close, it would do so plainly as a result of the withholding of vital support by the United States. That is not the kind of message which the administration or responsible congressmen or, for that matter, we ourselves would like to see sent around the world—if there is any choice left.

We think there may be such a choice, one which leaves it to Cambodians, not Americans, to determine the future of their own country. It comes down to Lon Nol. Because of his closeness to the Americans, the insurgents refuse to accept him as a partner in a negotiation or in a compromise settlement. Without him, the insurgents insist, they would negotiate an agreement to end Cambodia's civil war. With him, they will fight on. Their demand, enforced by their military and political momentum, puts Lon Nol in the excruciating position of having to decide whether he could serve his country better by remaining in office or by resigning. A Congress which hesitates either to support a seemingly endless war or to dump a client state could well consider conditioning its further backing of the Cambodian government on the decision made by Lon Nol. Those who would find this course too extreme or chancy should explain how it will fare better for Cambodia, or the United States, for Lon Nol to stay.

BICENTENNIAL DECLARATION

Mr. RIBICOFF. Mr. President, the Bicentennial celebration represents a great juncture in American history. It is a time to rediscover the ideals which made this country great and to forge new ones which will prepare us for a third century of independence.

The Bicentennial is a time for us all to wonder at the spirit and principles that gave us Bunker Hill and the Bill of Rights—and a time to reflect on those principles.

The Bicentennial marks a starting point into an era just as foreboding and full of promise as faced the farmers, the shopkeepers, the lawyers 200 years ago. It is a time to scan the horizon for new ideas and new inspiration to fortify the Nation against the challenges ahead.

Some of our Nation's most distinguished citizens have signed their names to a Bicentennial declaration that sets down a promise for a second American revolution. I would like to add my name to those who stand by this declaration, and I ask unanimous consent that it be printed in the RECORD.

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

A BICENNTENNIAL DECLARATION

This great country of ours stands at a crucial turning point in its history. We face new and serious problems and uncertainty as to the future.

Two hundred years ago, our founding fathers stood at a similar crossroads. Beset then by grave doubts, they ultimately resolved to stake everything on a handful of ideas and ideals.

They forged those ideas and ideals into founding principles and then fought to uphold them. The American Revolution brought forth a new system of government based on freedom, justice, and individual rights.

Today we are called upon to maintain and improve that system and to fulfill those principles in a world growing increasingly interdependent. We are called upon to resolve our problems in many areas such as the economy, education, the environment, equal opportunity, freedom of choice.

We, the undersigned, before—and we feel confident we reflect the sense of the American people—that we have reached the point in our history when a second American Revolution is called for, a revolution not of violence, but of fulfillment, of fresh purposes, and of new directions.

We believe that the Bicentennial of our founding offers just such an opportunity. To realize this potential, we believe the Bicentennial must be based on four fundamentals.

Let us be inspired by our origins, and by the challenges we face.

If we are not today an inspired people, we need to be reminded that we once were, and must be again. There is high inspiration to be found in the great deals that created our country. The phrases that have been worn smooth by use have fresh and urgent meaning for us today—"government by consent of the governed," "the blessings of liberty," "all men are created equal," "a nation of laws." The Bicentennial can and must become a time to celebrate those ideals, and to celebrate them in the profound sense of renewal and dededication.

Let us make the Bicentennial a great period of achievement, nationally and in every community.

What our forebears did 200 years ago had never been done before. What we must do today is equally unprecedented. At every level in our society, there is an urgent need for achievement—in education, housing, transportation, the arts, communications, new ways of solving social problems, new methods of setting goals for the future, increased citizen participation in government. We believe that dedicating the Bicentennial to achievement is the way to put the sense of alienation and powerlessness behind us, to become once again the masters of our own destiny.

Let us commit ourselves to a Bicentennial Era, to at least the same time span required for the founding of our nation.

The first American Revolution neither started nor ended on the Fourth of July, 1776. Thirteen difficult years elapsed between the signing of the Declaration of Independence and the creation of an enduring system of government based on the Constitution. Many of the problems of today are different from those of 200 years ago, but they are at least as grave. Therefore, the second American Revolution will require at least a comparable period of time to grow strong and firm roots. We endorse the concept of a Bicentennial Era from 1976 to 1989 as a realistic period for tough-minded planning and accomplishment.

Let us put our trust in individual initiative, in the participation of each individual citizen.

Our great experiment in democracy will surely erode unless the Bicentennial Era becomes a time when we once again assert the primacy of individual initiative in moving our country forward. Governmental units at all levels must play a vigorous part. But the primary responsibility lies with the people not with government. Let each of us, acting alone and in groups, take our own initiatives. There is work for all—for each individual—in every part of the country, of every color, creed, age, and ethnic background. That work must begin now.

For our part, we, the undersigned, pledge ourselves to spread this message throughout the land, and to undertake our own individual initiatives. We earnestly invite our fellow citizens, all those who share our vision of what the Bicentennial Era can mean and accomplish, to lend their time, their energy, and their spirit to the work that lies ahead.

CAPITAL FORMATION AND INDIVIDUAL FREEDOM

Mr. BROCK. Mr. President, 4 or 5 years ago most of the Congress scoffed at the "experts" who predicted an energy crisis. Yet, when that crisis arrived, many seemed surprised. They should not have been, because intelligent people had spent years presenting the hard facts to us. Today, another crisis is on the horizon. This is a crisis in our capital formation markets.

While current problems in the capital markets seem small and limited, they are going to rapidly escalate into critical proportions that will affect every American. The mounting capital needs for energy, for jobs, for Government, and for the economy will not be met if we continue our present policies. It is that simple.

In a recent address to the Economic Club of Chicago, the president of the Chase Manhattan Bank, Mr. Willard C. Butcher, discussed our capital formation needs. I found his speech to be an excellent analysis both of the causes and possible cures for our problems in the capital markets. Like Mr. Butcher, I also feel that our country must immediately reevaluate its attitude toward capital formation and allocation.

We cannot have a growth economy when four out of five available investment dollars are being consumed by Government—as they will be in the next 2 years. Unemployment will not drop when homebuyers and small businessmen find the interest rate increasing as it will with the proposed deficit. We will not have orderly economic growth with our prices exploding upward—as they will with exploding Federal spending. We must, as Mr. Butcher states, have a new policy that placed the highest priority on developing a growing pool of capital. We must use that capital for productive purposes.

I ask unanimous consent that Mr. Butcher's excellent remarks be printed in the RECORD.

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

CAPITAL FORMATION AND INDIVIDUAL FREEDOM: A TIME TO CRY "WOLF"

(By Mr. Willard C. Butcher)

I'm very disturbed about what I see taking place in this country, I am disturbed about the economy—not so much that we are in a recession as some of the senseless ways we try to get out of it. Not so much by inflation as by the fact we try to counteract and make up for it, rather than cure it.

I am disturbed by the fact that people aren't being told enough about the essential nature of our economy and our economic problems. I am distressed by the media, and by what seems to be either their failure to understand what makes our economy work, or their inability or unwillingness to communicate that knowledge.

I am disturbed by the kind of politics-as-usual in Washington that puts less emphasis on solving our problems than on who will get the credit if they are solved, or the blame if they are not. And I'm disappointed in much of the Nation's business community, which is either too indifferent, too resigned, or too frightened to communicate forcefully with the people.

I am troubled by the erosion of personal freedom that has taken place and continues to take place, and by the complacency with which many Americans surrender their right to make choices, to render judgments, and to exercise control over their own lives and destinies.

Fundamentally, I am concerned over the way we are giving up, bit by bit, what America really stands for. And before this evening is over, I hope to have transmitted to you some of my sense of unease and alarm.

My subject today is capital formation and economic policy, which takes in a lot of territory. So let's look at where we stand, where we want to go, and what we need to get there.

To start with, our total private capital plant today amounts to some 3.2 trillion dollars, of which 1.8 trillion dollars represents our industrial capacity. Almost two-thirds of that amount—or 1.1 trillion—was developed and invested in just the past ten years.

It was a tremendous achievement. But it was not enough. We did not meet some of our country's basic needs.

It was not enough because our industrial plant today is deficient. It is estimated that it is fully two years older than that of Europe and Japan, and there is a fundamental correlation between modern plant and productivity. A tabulation of growth rates by the OECD of twenty advanced economies for the 1960-1970 decade put the United States pretty close to the bottom—in eighteenth place, with average annual growth of only 4%. Japan headed the list with an 11% growth rate.

It's significant that in this period Japan was putting about a third of its GNP into investment spending, while we put less than a sixth of ours to work as capital. To catch up and stay caught up can cost as much as $225 billion over the next ten years.

Our capital investment has not been enough because we fell behind our needs in financing the search for more sources of energy. For self-sufficiency alone, it is estimated that we in this country will have to provide about $850 billion over the next ten years, which equals about 80% of our total industrial investment in the past ten years.

It was not enough because we have fallen short of meeting our transportation needs—for mass transportation of people and more energy-efficient transport of goods, which means mainly by rail. That could require a ten-year investment of another $225 billion.

Then there is the matter of our employment needs. There is no better—indeed no other—way to create new jobs than by supplying capital to provide the tools, the supplies, and the materials that jobs require. Economists tell us that it takes anywhere from $20,000 to $30,000 in capital investment to back up every worker in American industry.

All in all, to meet these needs over the next ten years will require more than twice as much capital as the last ten. How have we arrived at that figure? Considerable economic analysis indicates that from today until early 1985, investment spending of 2.5 trillion constant dollars is projected, on the assumption that we will see a continuation of our relatively slow growth rate of 4% a year. Add in inflation, at a presumed rate of approximately 5% a year, and that comes to 3.6 trillion current dollars. If inflation were to be 6 or 7%, the figure would be somewhat higher. But, for illustrative purposes tonight, I will use 5%.

However, in terms of what we really need for industry alone—not including housing—for energy, for bringing our industrial plant up to date, for the higher quality of life we are demanding—the overall figure could go up to $4.1 trillion. In other words, we have to build considerably more industrial America in the next ten years than we've got standing out there now.

There are obviously many challenges facing our country now: Inflation, energy, employment, production. But, to my mind, the single greatest challenge is in finding ways to provide such unprecedented amounts of capital in such a short span of time.

So where is all that money—4.1 trillion dollars going to come from. The simplest—and most simplistic—way to answer is to look at where investment capital has come from over the past ten years and to project it out over the next ten, as best we can.

In doing that, I will take a banker's liberty and use the words capital interchangeably. To the user, both credit and capital represent resources for productive capacity, and the difference is only one of classification, not of function. To the supplier, the ability to extend credit is, in the final analysis, predicated on a capital base.

The banks, especially major money center banks, are the ones that have come through in the credit pinches. I don't know how much longer we can continue to do that. In the short range, the ability of the banks to further make funds available to the economy will depend, for the first time in my memory, not so much on monetary ease and growth in the money supply, but rather on the adequacy of the banking industry's own capital and its ability to attract sizable portions of the capital generated by others.

In other words, although credit can be efficiently channeled *through* banks, that is not where capital really comes from. The real sources of capital and credit in this country are individuals and corporations—the savings of people like you and me and the cash flow, made up of retained earnings and depreciation reserves, of corporations and businesses like yours and mine.

Over the last ten years these sources provided $1.6 trillion, of which less than a third was in personal savings, less than a sixth in corporate retained earnings, and more than half in depreciation allowances. On the basis of the same projection of growth and inflation rates that were used for investment spending, the total for the next ten years should go up to 3.8 trillion dollars.

We are estimating that $1.2 trillion will come from personal savings, $600 billion from retained earnings and $2 trillion from depreciation allowances.

Now, 3.8 trillion is a lot of dollars. But from that we must first deduct a trillion dollars that will be needed—and almost certainly provided—for housing. Then we have to take out whatever will be required for ten years of Government deficits and negative balances of payments with the rest of the world. Considering the start being made with the projected federal deficits in the first two years of the decade, we may be lucky if there is as much as $2.6 trillion left for building and rebuilding our industrial capacity. Set against the needs of $4.1 trillion, we have a shortfall of one trillion, five hundred billion dollars. This means we will be underinvesting every day—*every day*—for the next ten years—400 million dollars.

This state of affairs, I submit, is unacceptable. Moreover, there are far too many signs that tell us that even 2.6 trillion will not be available for productive investment. For one thing, the motivation for personal savings in this country seems to grow weaker all the time. For another, in spite of significant changes that have been made, the provisions for depreciation allowances by American business are considerably less than that of other nations with which we compete. And finally, profits as a percentage of total income have been seriously declining since the mid-1960's. Indeed, the share of profits as a percentage of gross national product has been moving down since the Second World War, and the present period represents its lowest level ever—with the exception of the 1930's, hardly a period of economic progress to which appropriate levels of investment should be compared.

Let me talk for a minute about profits. To my mind, there are three functions that profits perform. First, they provide a return on capital; second, profits are an indication of how well a business has managed its resources; and third—and of overriding importance—profits are a source of capital for a business or a nation.

I wince whenever I hear the expression, "excess profits." I don't know what it means. Excess over what? What is excessive?

We have been given some insight about profit trends by George Terborgh, the economist of the Machinery and Allied Products Institute. Extrapolating from his figures, we find that after-tax profits of the Nation's nonfinancial corporations, after adjusting for the increases in cost of equipment and inventory to their replacement levels, dropped from $36 billion in 1965 to an estimated $24 billion in 1974—and down to 16 billion in constant dollars. And retained earnings, which should be a major source of capital, were insufficient to finance any additional productive capacity. In fact, the Treasury Department has estimated this shortfall at $10 billion.

I hardly consider that excessive. The point really is that there is no such thing as excess profits for a company that needs capital.

As if the grim consequences of capital shortage were not enough, we are now confronted with the specter of new Government policy and action that could cripple our capital markets even further.

Among the more mindless measures now sailing merrily through the house banking committee is a bill requiring the Federal Reserve to "conduct monetary policy in the first half of 1975 so as to lower long-term interest rates." I wonder if anyone can tell me how in the name of monetary madness the Federal Reserve, already hard put to hold down the rates on 90-day maturities, could even hope to control the interest rate on bonds maturing in the year 2005.

Another measure, the Reuss bill, proceeds to allocate credit toward those purposes that it deems to be useful—such as low- and middle-income housing, investment for technological innovations and increasing competition, loans to State and local governments, small business and agriculture,

working capital for established businesses, and loans for such other purposes as the government—not the people—considers useful and proper.

Now you might logically expect that my chief concern over mandatory credit allocation would be with its effect on the banking industry. Wrong. Certainly if we can survive gyrating monetary policy in this country, massive shifts in the flow of funds around the world, and the great damage done to capital and money markets, we in the banking community can survive credit allocation. What really concerns me is whether the national economy can survive it, and whether the people should be forced to submit to what Treasury Secretary William Simon properly characterized as a Police State.

After all, it is not such a long step from the constraints written into the act itself to having the government say, "you can finance a condominium in Florida but not a summer home on Lake Michigan." Or, "you can finance the Government deficit, but not the needs of a private company."

I submit that the Solomon who's going to allocate credit in this country will possess more power than a bald man should have or a good man would want. I would be hard put to improve on Secretary Simon's testimony on this bill before the house banking committee, so I will just quote some of the things he said:

"Control would extend to every loan made by every creditor in the country. Every family that wanted to buy a home or a car, every man or woman who needed a personal loan, every farmer who wanted to buy new equipment on credit, every employee who wanted to borrow from his local credit union, every small businessman who needed a loan, every corporation that wanted to enter the capital markets, every city or State that wanted to float a bond, every school board that needed money to build new schools—each and every one of us, in fact, would find that our financial plans were totally under the control of the Federal Government.

"In effect, this bill would establish a national credit Police State."

Most European countries that have tried credit controls have found it to be a very efficient method of raising interest rates, not lowering them.

Admittedly, all Government spending amounts to resource allocation. It removes funds from the mainstream of the economy and assigns them to many worthy, but mostly non-productive, purposes. It seems to me that, after various levels of Government have disposed of an ever-increasing share of our resources—in fact doubled its share of 25 years ago—the American people and their free enterprise system ought to have the right to allocate in their own way whatever is left over.

It has been said, and rightly so, that there wouldn't be any credit at all if somebody didn't allocate it. Some say that it's the banks that allocate credit. In a sense, that's true. But, unlike government, we are no monolith. There are 14,000 banks in the country, and thousands or other lenders who make the credit decisions. More importantly, our role is that of an intermediary in the real market which, after all, is nothing but the desires and demands of 200 million people, the true allocators of credit and resources in a free society.

We are all familiar with the nature and the normal course of development of government regulation. As the American people know from much unhappy experience, we are quickly bogged down in a web of inelastic and unchangeable rules. Isn't it interesting that our most troubled industries today—railroads, airlines, utilities—are among the most regulated?

Consider the experience of the energy industry, crippled by capital starvation. In 1954 the Federal Power Commission ruled that natural gas shipped across state boundaries could not exceed a base price, and this price was held to unrealistically low levels for twenty years, during which the price of almost everything else kept going up. Of course this brought distortions to the market place. Gas was used extravagantly, rather than in the more sparing manner it would have been consumed in a free market. Coal-burning equipment was dismantled. Exploratory drilling rigs were transported overseas, where drillers found it more worthwhile to seek out new deposits.

And it was not until our cheap imported oil disappeared that there was a recognition of the fact that inadequate incentives had resulted in insufficient reserves of gas.

I see still another parallel, in terms of timely warning. It was no great secret that our energy consumption was growing and our sources becoming less reliable, back in the years when we still had time to do something about it. Oil companies kept telling the nation and the government about it. So did others, including the chase.

As far back as 1952, we published a study warning against government disincentives to the continuing search for natural gas. We raised more caution flags in 1956, 1957, and 1961 about the industry's ability to continue "to deliver low-cost petroleum energy." And seven years ago we said, "The United States cannot afford actions . . . that jopardize the future supply of any form of energy and thereby increase the nation's vulnerability."

There were those at the time who accused us of crying, "Wolf." We were simply facing hard facts, and stating those facts.

The situation is not much different today. We face an equally hard set of facts regarding the level of capital formation and mounting capital needs—for energy, for jobs, for the economy, for all of us. We are crying, "Wolf," and we mean it. What we are saying is that a continuation of present policies, let alone an escalation of those policies, will lead us—in ten or fifteen years, or perhaps sooner—to a situation of far greater peril than that we face today.

In essence, our great need is not one of finding ways to shift, assign, or allocate capital and credit, but of moving toward a much more favorable atmosphere for its creation. The highest priority of our economy today should lie in the nurture and stimulation of capital formation, because everything else we want grows out of that.

What we need for the long term is an ever-growing base of personal savings, so that more people will have a larger and larger stake in our total economy, and in the stability of our currency. Capital formation must become everybody's business.

Given the needs for capital in our future, what must then be the implications for sane economic policy? Simply this: We must have a policy that places the highest priority on developing a growing pool of capital, and on the use of that capital for productive purposes. The implementation of this policy in legislation and regulation should stress incentives and the removal of disincentives to that process. In this vein, I would like to suggest some specific areas where positive action could contribute toward this end.

High on the list would be more realistic methods of determining depreciation allowances for plant, equipment, and inventory, to reflect more fully their current costs, rather than historical costs.

Second, I would like to see some method of preferential tax treatment for retained corporate earnings used for investment purposes—whether this were to be brought about by uniformly applied investment tax credits, a lower tax rate for profits specifically earmarked for investment, or some other method. In this connection, I would commend President Ford's excellent suggestion that preferred stock dividends be treated as a business expense.

Third, there is a pressing need to ameliorate the relatively harsh treatment of capital gains, as compared with that of most other countries.

Fourth, we need stability in monetary policy. Changes, when they are deemed necessary, should be subtle and gradual, so that they do not dislocate any sector of the economy. I am not arguing against moderate use of monetary policy, but this does not mean that the violence of rate changes should be a continuing source of amazement to all of us.

And finally, we need every possible measure that would make for a freer market economy, including the removal of regulations that have outlasted their time and the dismantling of agencies that have outlived their purpose. This would include rejection of controls, most notably wage nad price controls, which inevitably hamper the interplay of natural forces in a free economy.

I hope many of you will join me in actively calling for policies of this kind, regardless of what ranks first and what second on your own schedule of priorities.

I believe the American people are ready to listen and to understand. But, to be effective, we must be ready to speak in *their* terms. Economic systems, capital requirements, and money flows are terms we, as businessmen, use every day. Jobs, paychecks, and freedom of choice as consumers are things *every* American understands. It is in those terms that we must speak to the American public.

There are many signs on the horizon that our message is becoming more acceptable. Last month we heard Leonard Woodcock, president of the United Auto Workers, say that auto manufacturers couldn't cut prices because they had to build up their "paper thin" profits, in order to boost employment. Certainly that ought to suggest to all of us in both labor and management that we can be allies in this battle for a free and prosperous America. Recently, it was Senator Proxmire who voiced concern about the expansion of Federal activity, and I quote: "The economy may be on the verge of a permanent economic straitjacket if the will of an apparent majority of the electorate and of the leadership of the House and Senate prevails."

I believe that perhaps one can be more hopeful than Senator Proxmire about Congress. Obviously, this Congress is young and eager to make changes. Its members appear to be intelligent and educated, and may not be too easily stampeded. But, like any Congress, it is a sensitive barometer of its various constituencies, of what the American people really feel and think. That's why our fellow countrymen are the audience we must reach with the facts about the everyday economics of their lives.

Business has been told many times that it needs to sell itself to America. I disagree. Business must sell America to America—its strengths, its greatness, its potential for creating the most human and prosperous society on earth—in short, ladies and gentlemen, we must sell America on the value of its liberties and individual freedoms.

JERRY PETTIS

Mr. CRANSTON. Mr. President, the sudden death last week of Congressman Jerry L. Pettis came as a deep personal

tragedy as well as an untimely loss to California and the Congress. Jerry will be sorely missed—particularly by his many friends in the California delegation, for whom he consistently provided such outstanding bipartisan leadership.

I would like to share with my colleagues an editorial taken from the Barstow Sun-Telegram, which pays eloquent tribute to this gifted and compassionate man. 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:

[From the Barstow (Calif.) Sun-Telegram, Feb. 16, 1975]

JERRY L. PETTIS

The shock of the death of Jerry L. Pettis, member of Congress from the 37th District of California, will linger long with deepest sadness.

The crash of his plane Friday, which he was piloting, in the mountains north of Beaumont in San Gorgonio Pass, ended the outstanding career of this fine public servant at its peak. He would have been 59 next July.

The tragedy brought to an untimely close a record begun more than seven years ago of uninterrupted devotion to the House and to the people who chose him as their representative.

Pettis brought to his office a rare and valuable blend of experience and talent. He was special assistant to the president of United Airlines for four years after his Air Force service as an instructor and pilot with the Air Transport Command in the Pacific Theater in World War II.

He then turned to his own private businesses and formed four successful companies. Moreover, he found time to teach economics as a Loma Linda University professor, and served as vice president of the university as well as chairman of its Board of Counselors.

At this point in his life he was drawn to a desire to devote his energies and abilities to the people of his congressional district and to the people of the United States through its House of Representatives.

He was elected first in 1966 and was reelected every two years since. He was that kind of a man—a representative, admired and respected by those in his Republican party and those in the Democratic party alike.

His qualities did not go unnoticed in the House. He became a leader of the California congressional delegation and at his death was a member of the powerful Ways and Means Committee. This gave him the influence which he used widely both in the interests of the nation as a whole and in the interests of his district and his state.

His level-headed judgment will be missed in the House of Representatives, of course. But he never allowed the weight of his responsibilities there to keep him from the people in his district, or throughout the Inland Empire.

He kept close to them, listened to them, helped them and visited them frequently—the mark of a congressman living up to the finest tradition of dedication to constituents.

The nation has suffered a great loss with the death of this honorable and compassionate and earnest man. Even greater, though, is the loss mourned by those of us who will ever remember his gracious smile, good humor and constant concern for us and our problems.

There will be other congressmen to represent us. But not another Jerry L. Pettis.

MEETING THE FOOD AID TARGET

Mr. HUMPHREY. Mr. President, the New York Times included a compelling editorial on February 20 entitled "Food Flim Flam?"

We conducted hearings last week in our Senate Committee on Agriculture and Forestry on food aid and the world hunger problem. One of the central issues of the hearing was whether it will be possible to ship the 5.5 million tons of food programed under the recently announced $1.6 billion level.

It took the administration about 7 months to reach a decision on its food aid levels for the year. Now, while the level of food aid is encouraging, there is genuine concern about being able to ship this volume.

The administration claims that it plans to make every effort to ship the entire volume, but some doubts have been expressed that the most needy nations will receive equal priority with the countries where political commitments are involved.

At the hearing last week, I served notice that we in the Congress planned to monitor the shipping issue closely. I hope the administration keeps its word, because the implications of the editorial are serious.

Mr. President, I ask unanimous consent that this worthwhile editorial be printed in the RECORD.

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

FOOD FLIM FLAM?

Suddenly, after only three weeks in the sun, the Administration's promise of increased food aid for the world's hungriest people seems to be shriveling up, in plain view of everyone who had banked on the assurance from President Ford and Secretary of State Kissinger.

When he spoke at the World Food Conference in November, Mr. Kissinger reiterated the Administration's pledge to increase food aid in the face of this year's acute hunger crisis. It took the Administration two and a half months to make that promise concrete with a pledge at the end of January to increase food aid from 3.5 million metric tons to 5.5 million metric tons. Late as it was, the promise was welcome news.

Now, however, Administration spokesmen are already voicing doubt that the food aid goal can be met this fiscal year. Such doubt seems well founded. The Administration has not yet completed allocating the 5.5 million metric tons among the recipient countries. Even more critical is the fact that the private voluntary agencies which are most directly concerned with delivering food to hungry people have not yet received their allocations from the Administration and are thus unable to complete their planning.

In addition to energizing a languid decision-making process in the bureaucracy, the problem of making good on the Administration's humanitarian promises depends on rapid solution of the logistics of procuring, shipping and delivering the food. Ironically, although humanitarian concerns generated the pressures on the Administration to increase food aid, it is the humanitarian rather than the political food assistance that is jeopardized. The logistical problems involved in meeting Secretary Kissinger's political commitments seem already to have been ironed out. There appears, as yet, to be less urgency in solving the problems of shipments to the nations severely affected by hunger, although last month Assistant Secretary Thomas C. Enders promised a priority effort to expedite such shipments. Despite that assurance, by last week only 20 per cent of the food aid targeted for this fiscal year had actually been shipped. If that intention is not made concrete very soon, then it may look to a hungry world that while American promises may be fairly reliable on "political" food, our word on simple starvation carries a good deal less weight.

COMMUNIST COUP IN PORTUGAL

Mr. THURMOND. Mr. President, in the February 20, 1975, issue of the Augusta Chronicle newspaper there appeared an article by Jeffrey Hart entitled, "Why No Alarm at Communist Coup?" in Portugal.

This report by Mr. Hart is worthy of the attention of the Congress as it points to various lessons which all responsible elements in this country should weigh carefully.

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:

WHY NO ALARM AT COMMUNIST COUP?

(By Jeffrey Hart)

For some reason, only vague and, most general accounts have been carried by our national media about what is actually happening today in Portugal. Our wire services and our major newspapers maintain correspondents in Lisbon. Nevertheless, the American people remain largely in the dark concerning developments profoundly affecting their interests.

In a nutshell, the Communist Party, with about 10 per cent support in basically conservative Portugal, is attempting a kind of slow-motion coup d'etat.

If that succeeds, and the issue remains very much in doubt, totalitarianism will descend on yet another nation, Soviet power will leap-frog into Western Europe, Portugal will provide a base for revolutionary agitation in Spain and elsewhere, and Soviet naval power will surge westward, with advanced bases in Portugal and the Portuguese Azores. The strategic impact upon the U.S. position in the Mediterranean would be immense.

Yet the media take a ho-hum attitude toward all this, and give largely perfunctory coverage to events as they develop.

Communist coup strategy was implicit in the recent move to create a single monolithic trade union organization, the practical effect of which was to give the Communist Party effective control over the Portuguese labor movement. Ominously enough, the Coordinating Committee of the Armed Forces Movement, which really runs the country, came down on the Communist side of the issue.

Significantly, this proto-coup involved considerable risk for the Communists and their allies. The other principal parties in the present government, the Socialists and the Popular Democrats, might have resigned over the issue, and in the ensuing power struggle the Coordinating Committee might have stepped in to run the country directly. This, in turn, could have provoked a counter revolution by moderates and conservatives in the armed forces and elsewhere.

The question naturally arises, therefore, of why the Communists moved so overtly and so riskily to seize control of the unions.

To this question there is only one answer. The Communist move arose out of the party's own political weakness. In light of a recent poll showing Communist support around 10 per cent, the party moved to institutionalize what support it does have, chiefly in the labor movement, the universities, and the communications media. The unions are the Communists' largest and most stable power base.

In theory, a national election is supposed to take place this spring for a constituent assembly. In a reasonably clean election there is little doubt that the Communists would fare badly. How this election will be conducted, however, if indeed it ever is conducted, has become the subject of rising doubts.

Voter registration involves putting some five million people on the rolls, and this is being carried out by existing local authorities. Prior to the coup, these local authorities were mostly loyal followers of dictators Salazar and Caetano, but after the Spinola coup last year they were replaced by assorted opponents of the old regime collected in the Portuguese Democratic Movement. During the past year, crucially, tough Communist politics has increased the party's leverage in the movement, the Socialists and Popular Democrats often withdrawing. General Spinola himself has complained in public about the non-representative character of local government, and if the elections are held this could be a crucial factor. It is by no means clear who will supervise the voting and count the ballots, for example.

It is obvious today that the Portuguese Democratic Movement, which dominates government at the local level, is little more than a Communist front. Indeed, party leader Alvaro Cunhal went so far recently as to advise party members to cross over politically to the Movement.

Meanwhile, political guerrilla warfare is being carried on against the non-Communist parties, a half dozen of which had expected to run in the spring election. Several parties have been banned for alleged "fascism." Socialists have had major rallies banned. The moderate-right Social Center Democrats have had their meetings broken up by toughs as the authorities sat on their hands. In the media, reports of non-Communist political activity are often censored by Communist editors, journalists and printers.

American television and print media cheered up the coup that brought down the Caetano dictatorship, but they appear to have gone to sleep regarding subsequent developments. Moreover, at a moment when the CIA could be lending discreet support to pro-Western interests in Portugal, the CIA has been largely immobilized by the media-generated atmosphere of suspicion in Washington.

PROPOSED ARMS SALES

Mr. SPARKMAN. Mr. President, section 36(b) of the Foreign Military Sales Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million. Upon such notification, the Congress has 20 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee. In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent that there be printed in the RECORD at the conclusion of my remarks the unclassified notification I have just received.

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

(See exhibit 1.)

Mr. SPARKMAN. Mr. President, the committee has also received two classified notifications of proposed arms sales, one on February 20 and the other on February 24. The classified notifications are on file in the main committee office.

These notifications of letters of offer by the United States should be available for public discussion by the Members. Obviously, from time to time, the notice of the proposed issuance of a letter of offer may include information which must be classified for proper national security reasons.

However, I would expect the executive branch to use classification on a very limited basis and as infrequently as possible. I do not believe that complete classification of the two notifications at issue now can be justified.

I have asked the staff of the Committee on Foreign Relations to discuss this problem with the executive branch. I hope an understanding allowing maximum public disclosure can be achieved shortly.

EXHIBIT 1

OFFICE OF THE DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY, AND DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE), OASD/ISA,
Washington, D.C., February 21, 1975.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 75-9, which contains information concerning a proposed Letter of Offer in excess of $25 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

H. M. FISH,
Lieutenant General, USAF,
Director.

TRANSMITTAL NO. 75-9—NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

a. Prospective Purchaser: Iran
b. Total Estimated Value: $31,493,192
c. Description of Articles or Services Offered: 147 Vehicular Radio Systems, support equipment, spare parts and services
d. Military Department: Army
e. Date Report Delivered to Congress: 24 Feb. 1975.

BRITAIN'S VERY SPECIAL PROSECUTOR

Mr. RIBICOFF. Mr. President, recently the New York Times carried an article by Alvin Shuster about a British institution of immediate relevance to the United States.

The article explains how Britain's permanent special prosecutor has kept partisan politics separate from law enforcement since the office was founded in 1879. Though the public prosecutor is formally responsible to the politically selected Attorney General, he operates nearly autonomously in making decisions on the merits with regard to prosecutions. The present Director of Public Prosecutions, Sir Norman Skelhorn, has served in this manner under four Attorneys General. The ultimate weapon of the special prosecutor against political pressure is resignation—an action which could cause a furor in Parliament somewhat akin to the reaction in the United States which followed the dismissal of Archibald Cox in October 1973.

A permanent special prosecutor for this country is one of the primary reforms of the Watergate Reorganization and Reform Act of 1975, which I introduced earlier this month. While parallels between the domestic institutions of different nations are never exact, we can learn particularly from the experience of Britain. In anticipation of the hearings which the Government Operation Committee plans to hold on the Watergate Reorganization Act, I hope that other Members of Congress will join me in studying the beneficial impact which a permanent special prosecutor has had in Great Britain.

Mr. President, I ask unanimous consent that the article, "Britain's Very Special Prosecutor," from the New York Times of February 3, 1975, be printed in the RECORD.

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

BRITAIN'S VERY SPECIAL PROSECUTOR—LEGAL WATCHDOG IS GUARANTEE AGAINST POLITICAL INFLUENCE

(By Alvin Shuster)

LONDON, February 2.—Britain's independent special prosecutor is so independent that he has never met a prime minister and so special that people generally are unclear about what he does.

But Sir Norman Skelhorn, Director of Public Prosecutions for 11 years, ranks as one of the most important men in the esteemed British legal system. He symbolizes the division between politics and the law.

While there may have been some debate in Washington over the special Watergate prosecutor and whether to make the job permanent, there are no doubts in British minds about the value of Sir Norman's role. With wide-ranging powers, he functions as the general overseer of serious crime in an atmosphere devoid of political influence.

This insulation from politics is a blessing to Sir Norman, of course. What is worrying him these days is the rise in crimes of violence, which he regards as symbolic of an erosion of traditional British respect for law and order.

MORE CRIME, NEW PROBLEMS

The pace of his day and the files that flow into his office reflect current trends. The latest official report showed that crime in England and Wales rose by 19 per cent in the first nine months of 1974, with serious offenses leading the way.

Moreover, Sir Norman and the police are facing increased challenges because of the rise of the Irish Republican Army terrorism in England. The violence has prompted anti-I.R.A. legislation, with new categories of crimes that Sir Norman will help prosecute.

In all such cases the special prosecutor operates under a general principle that has often been pronounced: The decision on prosecution has to be made on its merits without political or other pressure. That is how it has worked with only rare exceptions.

Not for 50 years has serious scandal touched the system. The downfall in 1924 of the first Labor party Government, headed by Ramsay MacDonald, was generally attributed to its political pressure to drop a sedition case against John Ross Campbell, editor of a Communist party magazine.

THE ULTIMATE WEAPON

The case has stood as a shining lesson to governments since. As Sir Norman notes, the executive leans over backward to make certain that there is never a whiff of political influence on the prosecution.

The director's ultimate weapon against interference is clear: All he has to do is resign; the resulting furor in Parliament would undoubtedly bring out the reasons why and a government would suffer serious embarrassment and dire consequences.

The 65-year-old Public Prosecutor, who has a ruddy complexion, a beaky nose and a calm manner, works from a spacious office in a remodeled Victorian building overlooking St. Jame's Park. He directs a staff of 160, including 60 lawyers and other experts on the law who help him make up his mind whether to prosecute.

Sir Norman, who was appointed to the job by the Home Secretary after practicing more than 30 years in the courts, maintains a close working relationship with the Attorney General—now Samuel Silkin. This post is political and shifts with the party in power. Sir Norman is responsible to the Attorney General, who in turn answers to Parliament, so they often meet to discuss pending cases.

Sir Norman, whose office dates from 1879, has wide discretion in a variety of criminal cases, but some prosecutions, including those involving the Official Secrets Act, corruption and the Race Relations Act, require the approval of the Attorney General.

POLICE INSTITUTE MOST

All attorneys general profess to separate their political instincts from their constitutional and legal duties. And Sir Norman, who has served under four, feels that he has been lucky because he has detected no effort to exercise political control.

"An Attorney General would resign too if he thought he was being leaned on by the Prime Minister or senior ministers on a pending prosecution," a former Attorney General said. "The A.G., however, sometimes has to consult formally with colleagues involving say, the national interest."

Most prosecutions are pursued without the help of the Public Prosecutor or the Attorney General. Ninety per cent are carried through by the police, who send only serious crimes to Sir Norman's office.

Sir Norman has the power to intervene in any case, even a relatively minor one, at any time at any level. He also receives a steady flow of communications from citizens asking him to look into various allegations. He orders police inquiries in response to some.

Letters are always checked because of a case in 1911. A man wrote to the then director suggesting an inquiry into the mysterious death of a cousin. It led to the conviction of a landlord for poisoning with arsenic. As a reminder the handwritten letters hang on a wall outside Sir Norman's office.

THE PRELIMINARY PENN CENTRAL REORGANIZATION PLAN

Mr. GRIFFIN. Mr. President, I am deeply disturbed by reports concerning the preliminary rail plan prepared by the U.S. Railway Association—USRA—for reorganizing the Penn Central and other bankrupt railroads. As I view it, the plan singles out Michigan, the State most severely affected by the current economic crisis, for disproportionate cutbacks in rail service.

Out of 6,200 miles of bankrupt rail track which would not be included in the USRA plan, about 1,150 miles, or nearly 19 percent, is located in Michigan. And USRA is considering an additional 200 miles for possible abandonment.

On the other hand, Michigan's share of total rail lines in the 17-State region served by the bankrupt railroads is only about 10 percent. Thus, the USRA plan imposes an unusually severe burden on the State least able to afford it.

While the USRA proposal is something of an improvement over the rail plan proposed last year by the Department of Transportation, it fails to provide, insofar as Michigan is concerned, a "rail service system adequate to meet the rail transportation needs and service requirements of the region," as mandated by Congress.

For example, the plan would isolate the Upper Peninsula from rail service to the rest of the State.

It would reduce rail car ferry service across Lake Michigan.

It would eliminate rail lines in areas where there have been important discoveries of oil and gas, in contravention of Congress directive to preserve to the extent possible "railroad trackage in areas in which fossil fuel national resources are located."

It would exclude from the new rail system lines that have a good potential for future growth based on evidence submitted at last year's hearings before the Interstate Commerce Commission.

It would also wipe out a segment of the Detroit-Chicago Amtrak route, one of the fastest growing passenger lines in the Nation.

And, above all, it certainly does not conform to Congress goal of a restructured rail system which would minimize "job losses and associated increases in unemployment and community benefit costs in areas in the region presently served by rail service."

At a time when Michigan's economy desperately needs a "shot in the arm," the USRA plan is the wrong medicine at the wrong time.

Obviously, restoration of the Penn Central system is important to the economic health of Michigan and other Midwest and Northeast States. But profitability should not override all other considerations, particularly when there is some doubt about the alleged unprofitability of certain other lines to be discontinued under the USRA plan.

Of course, it is recognized that some uneconomical lines will have to be excluded from the new rail system and Congress has established a Federal rail subsidy program to meet local needs for continued rail service. However, subsidy funds are limited both in time and amount.

Under the Federal formula, Michigan is entitled to 10 percent of the funds because it has 10 percent of the bankrupt track. Yet, the USRA plan would concentrate 19 percent of abandonments in Michigan. That is unfair and simply unacceptable.

Fortunately, the reorganization process has not been completed. The ICC will be holding hearings on the USRA plan in both Lansing and Traverse City, March 17 and 24, respectively. Previous ICC hearings were helpful in getting important modification of the rail proposal advanced by the Department of Transportation.

However, time is running out. It is essential that the U.S. Railway Association give greater consideration to the information presented at these hearings and revise its plan accordingly.

RULES OF PROCEDURE OF THE COMMITTEE ON GOVERNMENT OPERATIONS

Mr. RIBICOFF. Mr. President, pursuant to title 2, United States Code, section 190a–2, I hereby submit the rules of procedure adopted by the Committee on Government Operations at its first organization meeting on January 28, 1975.

I ask unanimous consent that rules be printed in the RECORD.

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

RULES OF PROCEDURE ADOPTED BY THE COMMITTEE ON GOVERNMENT OPERATIONS

(Pursuant to Section 133B of the Legislative Reorganization Act of 1946, as Amended)

RULE 1. MEETINGS AND MEETING PROCEDURES OTHER THAN HEARINGS

A. *Meeting dates.* The committee shall hold its regular meetings on the first Thursday of each month, when the Congress is in session, or at such other times as the chairman shall determine. Additional meetings may be called by the chairman as he deems necessary to expedite committee business. (Sec. 133(a), Legislative Reorganization Act of 1946, as amended.)

B. *Calling special committee meetings.* If at least three members of the committee desire the chairman to call a special meeting, they may file in the offices of the committee a written request therefor, addressed to the chairman. Immediately thereafter, the clerk of the committee shall notify the chairman of such request. If, within three calendar days after the filing of such request, the chairman fails to call the requested special meeting, which is to be held within seven calendar days after the filing of such request, a majority of the committee members may file in the offices of the committee their written notice that a special committee meeting will be held, specifying the date and hour thereof, and the committee shall meet on that date and hour. Immediately upon the filing of such notice, the committee clerk shall notify all committee members that such special meeting will be held and inform them of its date and hour. If the chairman is not present at any regular, additional or special meeting, the ranking majority member present shall preside. (Sec. 133(a), Legislative Reorganization Act of 1946, as amended.)

C. *Meeting notices and agenda.* Written notices of committee meetings, accompanied by an agenda enumerating the items of business to be considered, shall be sent to all committee members at least three days in advance of such meetings. In the event that unforeseen requirements of committee business prevent a three-day notice, the committee staff shall communicate such notice by telephone to members or appropriate staff as-

sistants in their offices, and an agenda will be furnished prior to the meeting.

D. *Open business meetings.* Meetings for the transaction of committee or subcommittee business shall be conducted in open session, except that a meeting or portions of a meeting may be held in executive session when the committee members present, by majority vote, so determine. The motion to close a meeting, either in whole or in part, may be considered and determined at a meeting next preceding such meeting. Whenever a meeting for the transaction of committee or subcommittee business is closed to the public, the Chairman of the committee or the subcommittee shall offer a public explanation of the reasons the meeting is closed to the public. This paragraph shall not apply to the Permanent Subcommittee on Investigations.

RULE 2. QUORUMS

A. *Reporting legislation.* Eight[2] members of the committee shall constitute a quorum for reporting legislative measures or recommendations. (Sec. 133(d), Legislative Reorganization Act of 1946, as amended.)

B. Transaction of routine business. Five members of the Committee shall constitute a quorum for the transaction of routine business, provided that one member of the minority is present.[3]

For the purpose of this paragraph, the term "routine business" includes the convening of a committee meeting and the consideration of legislation pending before the Committee and any amendments thereto, and voting on such amendments[4] (Rule XXV, Sec. 5(a) Standing Rules of the Senate.)

C. *Taking sworn testimony.* Two members of the committee shall constitute a quorum for taking sworn testimony: *Provided, however,* That one member of the committee shall constitute a quorum for such purposes, with the approval of the chairman and the ranking minority member of the committee, or their designees. (Rule XXV, Sec. 5(b), standing Rules of the Senate.)

D. *Taking unsworn testimony.* One memquorum for taking unsworn testimony. (Sec. of 1946, as amended.)

E. *Subcommittee quorums.* Subject to the provisions of section 5(a) and 5(b) of Rule XXV of the Standing Rules of the Senate, and section 133(d) of the Legislative Reorganization Act as amended, the subcommittees of this committee are authorized to establish their own quorums for the transaction of business and the taking of sworn testimony.

F. *Proxies prohibited in establishment of a quorum.* Proxies shall not be considered for the establishment of a quorum.

RULE 3. VOTING

A. *Quorum required.* No vote may be taken by the committee, or any subcommittee thereof, on any measure or matter unless a quorum, as prescribed in the preceding section, is actually present.

B. *Reporting legislation.* No measure or recommendation shall be reported from the committee unless a majority of the committee members are actually present, and the vote of the committee to report a measure or matter shall require the concurrence of a majority of those members who are actually present at the time the vote is taken. (Sec. 133(d), Legislative Reorganization Act of 1946, as amended.)

C. *Proxy voting.* Proxy voting shall be allowed on all measures and matters before the committee, or any subcommittees thereof, except that, when the committee, or any subcommittee thereof, is voting to report a measure or recommendation, proxy votes shall be allowed solely for the purposes of recording a member's position on the pending question and then, only if the absent committee member has been informed of the matter on which he is being recorded and has affirmatively requested that he be so recorded. All proxies shall be addressed to the chairman of the committee and filed with the chief clerk thereof, or to the chairman of the subcommittee and filed with the clerk thereof, as the case may be. All proxies shall be in writing and shall contain sufficient reference to the pending matter as is necessary to identify it and to inform the committee as to how the member wishes his vote to be recorded thereon. (Sec. 133(d), Legislative Reorganization Act of 1946, as amended.)

D. *Announcement of vote.* (1) Whenever the committee by rollcall vote reports any measure or matter, the report of the committee upon such measure or matter shall include a tabulation of the votes cast in favor of and the votes cast in opposition to such measure or matter by each member of the committee. (Sec. 133(d), Legislative Reorganization Act of 1946, as amended.)

(1) Whenever the committee by rollcall vote acts upon any measure or amendment thereto, other than reporting a measure or recommendation, the results thereof shall be announced in the committee report on that measure unless previously announced by the committee, and such announcement shall include a tabulation of the votes cast in favor of and the votes cast in opposition to each such measure and amendment thereto by each member of the committee who was present at that meeting. (Sec. 133(b), Legislative Reorganization Act of 1946, as amended.)

(3) In any case in which a rollcall vote is announced, the tabulation of votes shall state separately the proxy vote recorded in favor of and in opposition to that measure, amendment thereto, or recommendation. (Sec. 133(b) and (d) Legislative Reorganization Act of 1946, as amended.)

RULE 4. CHAIRMANSHIP OF MEETINGS AND HEARINGS

The Chairman shall preside at all Committee meetings and hearings except that he shall designate a temporary Chairman to act in his place if he is unable to be present at a scheduled meeting or hearing. If the Chairman (or his designee) is absent ten minutes after the scheduled time set for a meeting or hearing, the senior Senator present of the Chairman's party shall act in his stead until the Chairman's arrival. If there is no member of the Chairman's party present, the senior Senator of the Committee minority present shall open and conduct the meeting or hearing until such time as a member of the majority enters.[1]

RULE 5. HEARINGS AND HEARING PROCEDURES

A. *Announcement of hearings.* The committee, or any subcommittee thereof, shall make public announcement of the date, place, time and subject matter of any hearing to be conducted on any measure or matter at least one week in advance of such hearing, unless the committee, or subcommittee, determines that there is good cause to begin such hearing at an earlier date. (Sec. 133A (a), Legislative Reorganization Act of 1946, as amended.)

B. *Open hearings.* Each hearing conducted by the committee, or any subcommittee thereof, shall be open to the public unless the committee, or subcommittee, determines that the testimony to be taken at that hearing may (1) relate to a matter of national security, (2) tend to reflect adversely on the character or reputation of the witness or any other individual, or (3) divulge matters deemed confidential under other provisions of law or Government regulations. (Sec. 133A(b). Legislative Reorganization Act of 1946, as amended.)

C. *Radio, television, and photography.* The committee, or any subcommittee thereof, may permit the proceedings of hearings which are open to the public to be photographed and broadcast by radio, television, or both, subject to such conditions as the committee, or subcommittee, may impose. (Sec. 133A(b), Legislative Reorganization Act of 1946, as amended.)

D. *Advance statements of witnesses.* A witness appearing before the committee, or any subcommittee thereof, shall file a written statement of his proposed testimony at least one day prior to his appearance, unless this requirement is waived by the chairman and the ranking minority member, following their determination that there is good cause for failure of compliance. (Sec. 133A (c), Legislative Reorganization Act of 1946, as amended.)

E. *Minority witnesses.* In any hearings conducted by the committee, or any subcommittee thereof, the minority members of the committee shall be entitled, upon request to the chairman by a majority of the minority to call witnesses of their selection during at least one day of such hearings. (Sec. 133A (e), Legislative Reorganization Act of 1946, as amended.)

RULE 6. COMMITTEE REPORTS

A. *Timely filing.* When the committee has ordered a measure or recommendation reported, following final action the report thereon shall be filed in the Senate at the earliest practicable time. (Sec. 133(c), Legislative Reorganization Act of 1946, as amended.)

B. *Supplemental, minority, and additional views.* A member of the committee who gives notice of his intention to file supplemental, minority or additional views at the time of final committee approval of a measure or matter, shall be entitled to not less than three calendar days in which to file such views, in writing, with the chief clerk of the committee. Such views shall then be included in the committee report and printed in the same volume, as a part thereof, and their inclusion shall be noted on the cover of the report. In the absence of timely notice, the committee report may be filed and printed immediately without such views. (Sec. 133 (e), Legislative Reorganization Act of 1946, as amended.)

C. *Draft reports of subcommittees.* All draft reports prepared by subcommittees of this committee on any measure or matter referred to it by the chairman, shall be in the form, style, and arrangement required to conform to the applicable provisions of the Standing Rules of the Senate, and shall be in accordance with the established practices followed by the committee. Upon completion of such draft reports, copies thereof shall be filed with the chief clerk of the committee at the earliest practicable time.

D. *Cost estimates in reports.* All committee reports, accompanying a bill or joint resolution of a public character reported by the committee, shall contain (1) an estimate, made by the committee, of the costs which would be incurred in carrying out the legislation for the then current fiscal year and for each of the next five fiscal years thereafter (or for the authorized duration of the proposed legislation, if less than five years); (2) a comparison of such cost estimates with any made by a Federal agency; or (3) a statement of the reasons for failure by the committee to comply with these requirements as impracticable, in the event of inability to comply therewith. (Sec. 252(a), Legislative Reorganization Act of 1970.)

RULE 7. SUBCOMMITTEES AND SUBCOMMITTEE PROCEDURES

A. *Regularly established subcommittees.* The committee shall have five regularly established subcommittees, as follows—

Permanent Subcommittee on Investigation.

Intergovernmental Relations.

Reports, Accounting and Management.

Federal Spending Practices, Efficiency and Open Government.

Oversight Procedures.[1]

Footnotes at end of article.

B. *Ad hoc subcommittees.* Following consultation with the ranking minority member, the chairman shall, from time to time, establish such ad hoc subcommittees as he deems necessary to expedite committee business.

C. *Subcommittee membership.* Following consultation with the majority members, and the ranking minority member, of the committee, the chairman shall announce selections for membership on the subcommittees referred to in paragraphs A and B, above.

D. *Subcommittee meetings and hearings.* Each subcommittee of this committee is authorized to establish meeting dates and adopt rules not inconsistent with the rules of the committee.

E. *Subcommittee budgets.* Each subcommittee of this committee, which requires authorization for the expenditure of funds for the conduct of inquiries and investigations, shall file with the chief clerk of the committee, not later than January 10 of that year, its request for funds for the 12-month period beginning on March 1 and extending through and including the last day in February of the following year. Each such request shall be submitted on the budget form prescribed by the Committee on Rules and Administration, and shall be accompanied by a written justification, addressed to the chairman of the committee, which shall include (1) a statement of the subcommittee's area of activities; addressed to the chairman of the committee, which shall include (1) a statement of the subcommittee's area of activities; (2) its accomplishments during the preceding year; and (3) a table showing a comparison between (*a*) the funds authorized for expenditure during the preceding year, (*b*) the funds actually expended during that year, (*c*) the amount requested for the current year, and (*d*) the number of professional and clerical staff members and consultants employed by the subcommittee during the preceding year and the number of such personnel requested for the current year. (Sec 133(g), Legislative Reorganization Act of 1946, as amended.)

FOOTNOTES

[1] S. Res. 131, 93d Cong., 1st sess., considered and agreed to July 20, 1973, redesignated sections 8 and 9 as sections 9 and 10, respectively, and a new section 8 was added authorizing a sum not to exceed $89,672 from July 20, 1973 through February 28, 1974, for a study and investigation of Government procurement practices. S. Res. 131 also amended redesignated section 10 so as to increase committee expenses not to exceed $1,930,000. Redesignated section 10 amended again to increase committee expenses not to exceed $1,956,000 by S. Res. 215, 93d Cong., considered and agreed to Dec. 20, 1973.

[2] Amended January 30, 1974.

[3] Amended January 28, 1975.

[4] Amended November 7, 1973.

[5] Adopted December 9, 1974.

[6] Amended January 28, 1975.

THE ENERGY DEBATE

Mr. HUMPHREY. Mr. President, the current issue of the Nation magazine of March 1, 1975, carries statements by two of our colleagues in the Senate. Both deal provocatively and incisively with different pieces of the complex energy puzzle.

In an exchange with Wilson M. Laird of the American Petroleum Institute, Senator ERNEST HOLLINGS argues the case for "some very fundamental reforms in the management of our precious oil and gas resources on Federal offshore lands." As chairman of the National Ocean Policy Study, which has recently published a series of comprehensive reports on Outer Continental Shelf and ocean resources, the views of our colleague from South Carolina deserve careful consideration.

Later in the same magazine, Senator JAMES ABOUREZK deals concisely with the controversial issue of natural gas. While his conclusions may require further consideration, he forthrightly raises and clarifies some of the problems involved with deregulation.

If Congress is to enact, and the American people are to accept, an effective and equitable energy program, we all must better understand the complex issues involved. These statements by Senators HOLLINGS and ABOUREZK, I believe, help to raise the level of the energy debate.

Mr. President, I ask unanimous consent that the statements from the Nation be printed in the RECORD.

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

[From the Nation magazine, Mar. 1, 1975]

OFFSHORE OIL—LETTER TO THE EDITOR

WASHINGTON, D.C.—Sen. Ernest F. Hollings . . . errs in "Oil & Influence: The Rush to the Sea" [*The Nation*, Jan. 18] when he charges that the Federal Government's plan to accelerate the sale of offshore oil and gas leases constitutes "one of the biggest potential giveaways of all time." He is also wrong when he says the proposed offshore leasing program would be carried on without environmental protection, without concern for pollution of beaches, and without a fair return to the public.

As the Senator knows, the Federal Government gives away nothing when it sells the right to search for oil and gas in offshore waters. If anything, these sales can be said to produce "windfall profits" for the Government, because oil companies pay into the U.S. Treasury enormous amounts of cash before any drilling begins—money which may not be recovered for many years, if ever. . . .

As for the environmental protection, the oil companies and the Federal Government follow the complex procedures prescribed by law to make certain that every possible step is taken to prevent environmental damage in connection with expanded offshore activities. A preliminary environmental programmatic statement dealing with the leasing of 10 million acres on the outer continental shelf was prepared some months ago, and hearings were slated to be held in Trenton, N.J., Santa Monica, Calif., and Anchorage, Alas., beginning early in February. In addition, specific hearings will be held in each area. . . .

The industry takes pride in its exceptional safety record. More than 18,000 wells have been drilled in U.S. offshore waters over the past quarter-century, and one could count on the fingers of one hand the number of significant oil spills. None of those spills caused permanent econogical damage. Drilling and spill-control technology are constantly moving forward.

Senator Hollings is the victim of misinformation when he charges that the oil and gas companies are deliberately holding back production from thousands of wells in the Gulf of Mexico in efforts to force higher prices. The Federal agencies who are responsible for regulating such matters have investigated that recurring rumor and have announced that there is no truth in it. . . .

The Senator complains that new leases sold in 1975 could "produce no energy in the next few years when we need it," so he recommends delaying any action until the Government can organize its own exploratory drilling program. . . . The oil-exporting nations have quadrupled their prices because they know we and other nations cannot get along without imports. They would be delighted to see us give up on developing our greatest potential source of energy—the offshore area which is comprised mostly of the Federal outer continental shelf.

WILSON M. LAIRD,
American Petroleum Institute.

WASHINGTON, D.C.—The essential differences in viewpoint between Mr. Laird and myself stem, I believe, from our different approaches to predicting the consequences of a massive offshore leasing program in 1975. While Mr. Laird relies primarily on the industry's past record, I believe that a quantum leap in the acreage sold this year, including large portions of the "frontier" areas, would bring about such fundamental changes as to make past experience insufficient—perhaps even irrelevant—in assessing the future.

We also disagree sharply about the question of delay. In my opinion, a coordinated exploration program of major offshore structures will give us information on resources much faster than the checkerboard system of exploratory drilling on individual leases.

The major element operating in this year's decision making on outer continental shelf (OCS) issues is uncertainty. We simply have no idea of the extent or the value of the resources we propose to sell immediately to private industry. We cannot plan ahead and determine the proper rate of extraction for those resources to conserve them and *sustain* our hoped for independence of imports until alternative energy sources become available, because we don't know if they will last for ten years or fifty years at today's growth rates. Once we lease, the industry has the sole prerogative of determining the extraction rate best suited to its own economic interests, but not necessarily to the national interest.

The long-term environmental impacts of large-scale leasing and development are similarly unknown. The draft environmental impact statement to which Mr. Laird refers does not, unfortunately, inspire confidence in the Interior Department's understanding of the impacts. Out of almost 1,500 pages, for example, the statement devotes only 30 pages to a superficial and unenlightening discussion of land use and socioeconomic impacts of offshore oil development on nearby coastal regions. . . .

I have noted with interest that Secretary Morton apparently no longer shares Mr. Laird's confidence in the industry's explanations about nonproducing wells in the Gulf of Mexico. On January 23 the Secretary called upon seventeen leaseholders to explain within thirty days why their wells are not producing, with a threat of lease termination if the circumstances prove unjustified. . . .

The 94th Congress will be considering some very fundamental reforms in the management of our precious oil and gas resources on federal offshore lands. . . .

ERNEST F. HOLLINGS,
Chairman, National Ocean Policy Study.

[From the Nation magazine, Mar. 1, 1975]

HOW TO PAY MORE TO GET LESS

(By Senator James Abourezk)

WASHINGTON.—As a solution to one aspect of the current energy crisis, the merit of the Ford Administration's proposal to repeal present regulatory control over natural gas sales is less than self-evident. It requires no doctorate in economics or psychology to know that a shortage in an essential commodity tempts sellers to exact excessive profits from their captive buyers.

Nonetheless, the industry's long campaign for decontrol—two earlier attempts were ve-

toed by, respectively, Presidents Truman and Eisenhower—as well as its efforts to draw sustenance from the present shortage, suggest the desirability of taking a close look at the arguments assembled by the oil industry and the Administration in support of decontrol. First, we are told, regulation of the prices at which producers sell natural gas at the wellhead does not work; by holding prices "artificially low," regulation discourages the producers, thus limiting exploration and development. Second, while conceding that deregulation will raise the consumer's gas bill, the proponents of decontrol contend that higher prices are essential if the supply of natural gas is to be increased. Third, the argument runs, present shortages are intolerable, and deregulation is the only hope. None of these arguments has merit.

The claim that regulation has not worked is a rewriting of history that assumes the public to have a very short memory indeed. From the advent of federal regulation in 1954 until 1969, the volume of natural gas sold in interstate commerce increased dramatically—from 5 trillion cubic feet in 1954 to 14 trillion cubic feet in 1969—and the largest portion of this growth occurred during 1961-69, when the wellhead price was relatively stable, at approximately 17c per 1,000 cubic feet (Mcf). Though it is often forgotten now, natural gas was in oversupply as recently as the mid-1960s, after a decade of federal regulation. Thus for at least fifteen years, until 1969, regulation of natural gas prices by the Federal Power Commission did work to assure the nation an adequate supply of this basic energy source at a reasonable price.

But while there is no basis for the claim that regulation has not worked, there may, unfortunately, be some basis for the charge that it is not working now. Beginning in 1970, the Nixon appointees on the commission accepted the oil industry's premise that the way to avoid impending shortages of natural gas was to allow higher prices; and when these higher prices led not to increased supplies but to even greater shortages, the commission responded with still higher prices. Admittedly, federal "regulation," as it is now being implemented by the FPC, is not working and cannot be expected to work, but that is hardly the fault of the regulatory statute, and is no argument for its repeal.

The fact that the FPC has adopted a policy of allowing the industry repeated price hikes, as long as it can maintain a shortage, while unfortunate on substantive grounds, does at least provide a performance record for evaluating the second argument—that higher prices will end the gas shortage. That is precisely the theory that the FPC has, at the oil industry's urging, followed for the past five years, and it has led to *higher prices, but no more gas*. In 1971, the commission raised the price for new supplies from 19¢ to 26¢ per Mcf, on the strength of the industry's representation that adequate supplies would be forthcoming at 26¢. When the shortage persisted, the commission in 1972 and 1973 devised a series of exceptions to permit new sales in the 35¢-to-45¢ range; when these techniques, of dubious legality, failed to increase supply, the commission, in June 1974, raised the price for all new and much old gas to 50¢ per Mcf; and in December 1974 it increased the level to 58¢—*three times the level in effect in 1971!* And each increase has been granted without any examination of the profits being made by the industry prior to the increase!

The reason exorbitant prices, with concomitant exorbitant profits for the industry, have not and will not end the gas shortage is simple enough. The same handful of companies which account for the vast majority of natural gas sales and control the majority of gas reserves—Exxon, Mobil, Texaco, Gulf, Shell, Standard of Indiana, Continental, Phillips—also control every competing energy source, including oil and coal. Thus, if the gas shortage forces an industry in Indiana or a university in New Jersey to switch from gas to oil, the same producers reap the large additional profits guaranteed by the Administration's policy of permitting the price of domestically produced oil to be fixed not by free market forces but by the OPEC cartel.

While the gas shortage is indeed intolerable, a feeling that we should "do something" should not lead us to adopt a deregulation proposal that will transfer vast sums of money from the already depleted pockets of the consumer to the already overstuffed pockets of the energy industry, without any real probability of easing the shortage. Nor is this issue simply one of the oil industry versus the consumer; it is becoming increasingly evident that escalating energy costs, while exceedingly profitable for the oil companies, are inexorably crushing other major segments of the economy—from automobiles to utilities.

Given the oil industry's pervasive control over all energy sources, is there any constructive action that can be taken? Fortunately, there is. The bulk of new gas supplies is expected to come from underwater coastal areas, controlled by the federal government. We are not reduced to pleading, through the device of constantly higher prices, with the oil companies to please produce *their* gas. The untapped reserves belong to all of us, and increased public participation in and control over the development of reserves on federal lands may well be the only long-range solution both to the gas shortage and to the broader energy shortage of which it is a part. Surely it makes little sense for the federal government, through the Interior Department, to continue granting federal leases on these prolific offshore areas to the international oil companies at a time when, because of an Administration policy that rewards continuing shortages with ever higher prices, it becomes in the economic interest of those companies to limit production.

Remedial legislation is certainly in order, but deregulation of natural gas prices is precisely the wrong remedy.

B. IRVIN CHENEY HONORED

Mr. TALMADGE. Mr. President, it always gives me a great deal of pleasure to take note of outstanding public service, and such a record has been compiled by B. Irvin Cheney as clerk of the Wilkes County Board of Commissioners in Washington, Ga.

Mr. Cheney retired in January after 55 years of county government service and his many friends and associates honored him with a testimonial dinner.

I congratulate Mr. Cheney on his long record of dedication to duty and for the countless contributions he made over more than half a century to progress in Wilkes County and the State of Georgia. I salute him for a job well done and wish him every happiness in his retirement.

MR. ROONEY GOES TO WASHINGTON

Mr. RIBICOFF. Mr. President, recently, CBS telecast an extremely informative news special.

"Mr. Rooney Goes to Washington" was a capsule view of the way the Federal bureaucracy works. Andrew A. Rooney, a nonpolitical reporter with no previous Washington experience, came to Washington for 2 months to take a fresh look at some of our bureaucratic institutions. What he found was bureaucratic momentum, agencies which have outlived their usefulness, occasional subversion of the civil service merit system, and pervasive administrative delay. Governmental runaround and secrecy contributed to Rooney's frustration in learning about the Government his taxes help support; so did the sheer size and scope of Government with its flood of paperwork. If those of us in Government would listen to these kinds of commonsense observations by the citizens we are supposed to serve, our Government would surely operate more effectively and equitably.

Mr. President, the Government Operations Committee has just recently reported out Senate Resolution 71, which authorizes a major review of the Nation's regulatory agencies. A program such as "Mr. Rooney Goes to Washington" shows clearly why such a review is so long overdue, and so badly needed.

Mr. President, in order to give this first-rate television program the continuing attention it deserves, I ask unanimous consent that the transcript of the CBS news special, "Mr. Rooney Goes to Washington," be printed in the RECORD.

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

CBS NEWS SPECIAL: MR. ROONEY GOES TO WASHINGTON

CBS News Writer-Producer Rooney. People want to know what's going on in Washington. Last year nineteen million Americans came here trying to find out. They spent most of their time lined up outside someplace. The trouble with that is, like tourists anywhere, they leave no smarter about the place than they were when they came.

The Washington Monument dominates the city the way the Eiffel Tower dominates Paris. And during most of the day, tourists surround it like Indians circling a wagon train. You can see it from almost any place you're apt to be in Washington.

(Martial music with montage of Washington Monument shots.)

Washington is a pretty city and it's easy to spend all your time looking at the buildings. The monuments to past Presidents are a major attraction to Americans trying to get closer to their past: the Lincoln Memorial, the Jefferson, the Kennedy Center, and the Watergate.

This broadcast isn't about any of those things.

My name is Andy Rooney. Several months ago CBS sent me to Washington to see what a non-political reporter with no previous knowledge of that place could find out about it. It was a good assignment, like spending two months as a tourist in a foreign country with the company paying the bills. In the next hour, I'm going to tell you what I was able to find out about the bureaucracy—and what I wasn't able to find out.

(Fireworks—Music—Titles.)

(CBS News Special: "Mr. Rooney Goes to Washington.")

(Announcements.)

ROONEY. The first thing I did in Washington was to try to find my way around. It's all right to say you're going to do some investigating, but it's embarrassing the first day when you go out the door and don't know whether to turn left or right to get to the White House.

I spent several days with a camera crew just looking around and taking pictures.

SPEAKER (at committee meeting): Testifying on H.R. . . .

ROONEY. No one can stand being a tourist for long though, and there are things a guide book never tells you about a place.

Two and three-quarters million people are paid $35-billion a year to work for the Federal Government. We kept trying to find out exactly why it is our Government has grown so big and why there are so many bureaus in the bureaucracy.

One of the reasons seems to be that almost every committee, every agency or every department is established by law, but there's never anything in that law about putting the agency out of business when its job is done. Once established, a Government agency, like a Government job, is practically immortal. If a committee or agency has a name that makes it sound out-of-date, it doesn't go out of business; it just changes its name.

We kept asking people if what they were doing was really necessary or if it was something the Government ought to be doing for us. We thought maybe Civil Defense was something out-of-date that we could do without. We had a nice talk with the Director of Civil Defense—John E. Davis. The first thing we found out was it isn't called that any more.

JOHN E. DAVIS. Two years ago, we changed our name to Defense Civil Preparedness Agency. We wanted to be more inclusive, to look at natural disasters as well as preparation against survival from a nuclear attack.

ROONEY. Well, people say that you are an agency in search of a mission.

DAVIS. Quite to the contrary, this organization has taken on a currency role and I refer to the natural disasters we have frequently occurring in practically all sections of the United States. There's none that escape—tornadoes, hurricanes, earthquakes, winter storms.

ROONEY. I'm confused about the Office of Emergency Preparedness in relation to you. Is there any overlapping there?

DAVIS. We are the Office of—Oh, Office of Emergency Preparedness? Of course, that was a year ago in July, by Executive Order. It was separated and part of it now, of the Office of Emergency Preparedness, is called Office of Preparedness, which is in GSA, responsible generally for the continuity of Government and certain emergency plans that were—had been associated with OEP. And part of it, the—the disaster relief generally, FDAA, Federal Disaster Assistance Agency, is over in HUD. And they administer the rehabilitation and—and have some responsibilities for assisting states as we do, but they've been—we—we've been assigned the mission of helping local communities prepare for these natural disasters. And that generally is where we get the authorities for what we're doing in the natural disaster field.

ROONEY. We've been looking at some of your literature that you've been publishing and we're particularly interested in this one—"Protecting Mobile Homes From High Winds". Is telling people how to protect their mobile homes from tipping over a function of Government?

DAVIS. It's just one of these things that was done because of our professional knowledge and the fact that it was something that people wanted today.

ROONEY. I was taken with this one phrase in here. "Mobile homes meet a real need in our society: they are attractive, comfortable, and provide low-cost housing." Now, for a Government booklet to say mobile homes are attractive! I never heard anybody call a mobile home attractive before.

DAVIS. Well, it's——

ROONEY. Why would a Government booklet call a mobile home attractive?

DAVIS. Well, I think that—This is a matter of opinion. Certainly the manufacturers of mobile homes (and I imagine those that live in it) to them, that is the case. And so it's all a relative thing.

ROONEY. What is your budget, total budget?

DAVIS. Eighty-two million dollars last year and it appears that it's under consideration by the Congress now, and I think it will be approximately the same amount.

ROONEY. With the draft over, I thought our Government might be saving money by closing the Selective Service Agency. We talked to the Director, Byron Pepitone, a retired Air Force Colonel. We asked him what Selective Service was doing now that it wasn't selecting anyone any more.

PEPITONE. We have become an organization in standby—much as an organization in the sense of insurance against an emergency. We're not inducting anyone, you see. The authority to do so has expired. But our staff and our offices have been reduced by a quarter—by three-quarters.

ROONEY. How much is your budget?

PEPITONE. In the spring of 1973, before inductions stopped, we were operating on—on a budget of approximately a hundred million dollars. Our request to the Congress for the Fiscal Year '75 forthcoming will be for $47-million.

ROONEY. Is that the absolute minimum that it costs to do nothing—not to draft anyone?

PEPITONE. Forty-seven million dollars is a very small amount to guarantee that, should you have to augment that force, you have the capacity to do it in a timely fashion.

ROONEY. What would happen to your operation if you spent only twenty million?

PEPITONE. Well, my personal opinion is that if it gets much below the present level, we might just as well decide that we don't need it.

ROONEY. It's hard to show the size of Government. It isn't as though you could get everyone who works for it to pose for one big class picture. And of course, it hasn't always been this big either.

In 1930, half of all Government employees were mailmen. Now there are a lot more mailmen, but they represent only 25% of all Government workers. And back then, there was no such thing as a Department of Health, Education and Welfare. Our health, education and welfare were pretty much our own business.

Well, of course, things have changed. Today there are 127,000 HEW employees. The Agency occupies space in fifty-seven buildings in the Washington area alone.

We thought it would be interesting to find out how many Government buildings there are in the Washington area. We asked the General Services Administration for a complete list. They told us they didn't have one, but they could get us one—for a hundred and fifty dollars. So we paid them a hundred and fifty dollars, and here's the list they gave us.

This is a list of every Government building in the Washington area. [Computer printout unravels to the floor] It seemed like a good idea at the time. I don't know exactly how to show it to you, but every one of those lines represents a building. As far as I know, this is the only one of these lists in existence.

Now this is a list of every building our Government owns all over the world. The CIA may have a pad or two in Budapest that isn't listed here, but substantially these are our real estate holdings—something like 500,000 buildings our Government owns.

The General Services Administration is an interesting operation. What it is, it's a combination landlord and superintendent for all Government buildings. If you need a whole new building or just a box of rubber bands, you go to the General Services Administration. Now, this is *their* catalog: about anything you'd want in here, and there are quite a few things you wouldn't want, too.

Here's a chair. They have sixteen different kinds of chairs, for instance. There are eighteen grades of Government servants, so I suppose there's one chair for each grade. And we figure the bottom two grades have to stand.

Here's the rubber bands, if you want rubber bands. This one here is Federal Specification ZZROO1415. So the Government's got just about everything you want, if you work for it.

We wondered where all this stuff in the book came from, so we went out to one of the General Services warehouses to look around.

What would you like? Here's leather gloves—boxes of leather gloves—more leather gloves. Mops? I imagine the mop handles will be coming along. Some kind of lock. I don't know what that is.

String. There are two balls for toilet bowls. A couple of dictionaries. You want a dictionary? Pans, pots, pans. Wrenches.

What would you like? Name plates for stores? Fronts of desks? Here's paint rollers. And where would the Government be—You thought this was just a figure of speech? Genuine Government Red Tape!

I don't think there's anything more discouraging for a taxpayer who likes to think that he's doing something important for his country than to see something like this. You look at a box of something, and you say to yourself: "There go my taxes"—not democracy or freedom or a battleship or anything—just a box of stuff!

(Announcements)

ROONEY. This chart on the wall here shows all the ranks of Civil Service workers in Government. There are eighteen different grades (and there are ten steps in each grade too) but we're not going to get into that. And we aren't going to get into "double dipping" either. In Washington, double dipping is the practice of retiring from the Army, Navy or Air Force, and then taking a job in Civil Service so that you get two salaries.

There are most Government workers in Grade Five—172,000. Each of them makes a minimum of $9,000. And it costs the Government a billion and a half. Grades 16, 17, and 18 all make $36,000. You'll see that Grade 16 is listed at thirty-five-five, but actually Grade 16 makes $36,000 too—after he's been in the Government for about twenty minutes. It's one of the problems in Government. All three top grades make the same, so there's not much advantage to getting to be the boss—except possibly you get to go home a little early on Friday.

If Civil Service worked the way it's supposed to work, it would be fine. If someone needs a certain kind of employee, he goes to his Department's Employment Office and they find someone in their card file who fits his job description.

PERSONNEL AGENT [to job applicant]: What I'll do is, like, now that I know you have the requirement, I'll get people in every day and I can kind of rush them in getting their applications in and in good form.

ROONEY. According to the people we talked to, it doesn't work ideally very often, though. Something like this is more apt to happen.

Say I'm in a management position in Government. I have a job open. My old college roommate needs a job, but the description of the job in my office doesn't match his qualifications. He worked in the real estate business for a while. He had a job in a bank once. His father is Italian. And he was editor of our college newspaper. I want to help my old roomy, so I get him to apply to Civil Service. He puts down all his qualifications.

A short while later, I go to Civil Service and I say, "Say, that job I have is changed. What I need now is someone with newspaper

experience to help our office with some real estate dealings in an Italian neighborhood. He should have knowledge of mortgages and bank loans." So someone at Civil Service takes that information, feeds it into his computer, and presto! Guess whose name pops up? My old college roomy.

The Civil Service Payroll represents only half of what the Government pays out in salaries every year. The names in this book represent something else. These are the people who work for Government but are not Civil Service. In other words, these people were all appointed to their jobs. This thing really makes good reading, too. Look at some of the titles in here! We've taken some out and posted them here on the board:

Secretary to the Secretary.

Secretarial Attendant to the Secretary.

Chauffeur to the Secretary.

Apparently the Chauffeur doesn't have a Secretary himself.

And then there are all these Confidential people:

Confidential Staff Assistant.

Confidential Staff Assistant to the Associate Director.

Confidential Assistant.

Confidential Staff Assistant.

Confidential, confidential, confidential!

In Washington, a Confidential Assistant is the person, if you don't want to know something, you go and ask him and he won't tell you.

This is a beauty:

Associate Deputy Administrator.

Deputy Associate Administrator.

And down, in further:

Deputy Assistant Secretary.

Special Assistant to the Assistant Secretary.

Staff Assistant to the Deputy Assistant Secretary.

Assistant Administrator for Administration.

Deputy Assistant Administrator for Administration.

And it goes on like that.

Government officials are always saying there aren't any more Federal employees now than there were twenty years ago. This sounds good until you find out what the reason is. The reason is an awful lot of Government work in Washington is being done by private companies now, on contract.

I grew up thinking Big Government and Big Business were enemies. Well, imagine how surprised I was to find out they're really best friends—very close buddies. As a matter of fact, in Washington, they get along so good it scarces the life out of you.

The Department of Defense, for instance, has eighty thousand people on its payroll who arrange contracts with private companies who actually do the work. There are hundreds of companies in Washington which do nothing but advise the Government.

Here's a little example we looked into. This is a report on Urban Mass Transportation presented by the Secretary of the Department of Transportation to the President of the Senate. At the time it was Gerald Ford:

"DEAR MR. PRESIDENT: I am pleased to submit the Department's study of Urban Mass Transportation, needs and financing, et cetera. . . .

"Sincerely,

"CLAUDE S. BRINEGAR."

Well, now, you'd think this had been prepared by the Department of Transportation, wouldn't you? Well, it wasn't. It was prepared by a private company called Peat, Marwick and Mitchell. We got hold of the contract Peat, Marwick had to do this study. They were paid $260,564 to do this. Would anyone know it was done by them? Would the Senate or the public know? Not from anything you could find in this book—because Peat, Marwick and Mitchell's name isn't mentioned anywhere in it—not even in fine print.

The trouble with contracting is that it makes it even harder for all of us to find out where our money's going. We tried for months to get someone at Peat, Marwick and Mitchell to talk to us about this. They refused.

What are they hiding? There's no law they have to talk to us, of course, but, well, it *is* our money.

One of the obvious problems is that when a private company gives advice to the Government in some special area and also has private clients in that same area, it seems very unlikely that the advice they give the Government will do their private clients any harm.

Here's another example of contracting. We were looking through the Commerce Business Daily one day. I never heard of it before, but it's important to people in Washington doing business with the Government. It lists contracts up for bids, contracts let, that sort of thing. We came on this one small contract. We've had it blown up here so you can all see it.

"Prepare Guideline to be used for the rewriting of all Navy technical manuals to the ninth grade level."

They're to be paid $65,622—a company called Biotechnology. (That "Biotechnical" was a mistake.)

Now that seemed interesting, so we set out trying to find out more about it.

First, we called Biotechnology. We didn't get far.

(On phone): Andy Rooney, CBS News. Rooney, R-O-O-N-E-Y. Well, check with him, will you, and see if he'll talk to me? He's not there right now, huh? Do you think he went somewhere? Is he apt to be in again today?

I'm always amazed at how a secretary can sit three feet from a guy and not know whether he's in or not.

(On phone): Oh, you don't think he'll be back today? All right, put me on hold. Fine! I've been on hold before. Out of the building, eh?

She's asking him whether he's in or not, I think.

(On phone): Uh-huh. What time's he apt to be in, do you know? Do you know what time he's apt to be in? Around eleven? Yeah, okay. Well, do you think if I call him around—He may go right to lunch from—instead of coming in at eleven? Hm-hm! That's an early lunch. Yeah. Do you know whether he has a lunch appointment or where he would be going? Hm-hmm. Will he call in and let you know whether he's coming in or not? He wouldn't let you know about that? And if he's not coming in, he won't tell you? Hm-hmm. Okay. Well, why don't I try you again at eleven, then, and see if you know anything?

We drove over there one day just to make sure that the company really exists, and took pictures of one of their buildings. Several days later, much to our surprise, we got through to the company's president.

(On phone): Andy Rooney, CBS News. How are you? I've been trying to get you for a long while. Would you be able to tell me, you know, who—who you're dealing with in Navy? Is that a secret? I just wondered if, you know, if you could talk to us on camera some day about how it goes and what you do and that sort of thing? Well, are they apt to say they don't want any publicity at all on it? If you can get approval from the Navy, we could talk on camera. Well, could—would you check it with them or should I?

They told me they couldn't talk about it without Navy permission. So we went to the Navy. You haven't seen red tape until you deal with the Navy. We talked to them. A lot of them!

(On phone): I was just trying to find out, you know, what—what was happening, what the Navy was doing with their manuals. I had been trying to talk with some people at a company named Biotechnology. Are you familiar with them? Yeah. I—I—You know, it just doesn't seem like anything very sneaky to me. I don't see why they wouldn't talk about it. They were reluctant to talk until they had gotten some sort of clearance from the Navy. I then talked to a Mr. Shihda, and he—he referred me to a Mr. Tarbell, and Mr. Tarbell referred me to Mr. Cleverly. And then, I guess, he referred me to you. Is there any—Do you think there would be any objection to my talking to the people at Biotech? All right. Thanks a lot. Okay.

After weeks of phone calls, we reached someone in the Navy who said it was all right to talk to Biotechnology about it—if it was all right with them. Back to Biotechnology!

(On phone): Okay, thank you.

You won't be surprised to learn that Biotechnology still refused to talk to me. We were really interested now and we were able to get hold of the Navy study on which that contract was based. (Looking through reports on desk) A lot of junk here! This is it. So, armed with this study, we went to the Navy and had an interview with Admiral Frederick Palmer, the man in charge of implementing this study.

ROONEY. Are you having all the manuals rewritten to a ninth grade level of comprehension?

Admiral PALMER. I think that needs a little—a little explanation, because I think that you need to—to go further and find out ninth grade according to what standard.

ROONEY. Has this contract been executed yet?

PALMER. No.

ROONEY. They haven't done the work?

PALMER. No.

ROONEY. We had tried to contact Biotechnology. Do you know Biotechnology?

PALMER. No, I do not.

ROONEY. It just seems strange to us that the officer in charge of implementing this study never heard of Biotechnology or of this chart (on page 51) dividing all potential Navy enlistees into four categories: "Socially Assertive Team Leaders"—"Uninvolved Reward Seekers"—"Active Manual Satisfaction Seekers" — "Unrealistic Self-Improvement Seekers."

I saw a report and it divided Navy enlistees into four categories: Socially Assertive Team Leaders, Uninvolved Reward Seekers, Active Manual Satisfaction Seekers, and Unrealistic Self-Improvement Seekers. You recognize them in the Navy?

PALMER. I haven't the foggiest notion of what you're—you're talking about. I hope I can get a copy of that to look into it.

ROONEY. Wasn't that in Part Two of your study?

PALMER. I don't recall that at all.

ROONEY. I think it was.

PALMER. Was it? Do you have the page number of that?

ROONEY. No, I don't. I—It was—It was known as the Grey Study.

PALMER. I'll sure look it up. Let me get a note of that right now.

ROONEY. If you had your report with you, I think it's probably in there.

PALMER. Grey Study, Volume Two, you say? Thank you.

ROONEY. We're not drawing any conclusions about the Navy or this little company. They're probably both fine, but these contracts sure make it difficult for the citizen to find out where $65,000 goes.

And keep in mind that contract was only one of 583 that appeared in the Commerce Business Daily that day. We didn't have time to check the other 582.

Having struck out at both Peat, Marwick, Mitchell and Company and Biotechnology, we went to a company called McKinsey. McKinsey, though unknown to the public, is an important name in the high and inner circles of Government. We'd all like to tell the Gov-

ernment what to do once in a while. Well, McKinsey not only gives advice to the Government, but the Government takes it and pays them for it. Robert Fri, a vice president, talked to us.

What would your contracts with Government run to? A hundred thousand dollars? A hundred million dollars?

ROBERT FRI (laughing). Well, that's—there was one with the Department of Transportation that we just—we just finished, a study over there for Secretary Brinegar. That contract was quoted in Jack Anderson's column at $365,000—which I assume is about right.

ROONEY. Would you at the same time be doing work for General Motors when you were doing something for the Department of Transportation?

FRI. Oh, I think the sense of your question is "Could we be serving an industrial client?" And the answer is yes. But we would be serving it from a different office with different people. We have internal controls to make sure that there's no conflict.

ROONEY. What about just a list of the Government Agencies that you do work for. Is that a—then an available thing, or is that a secret too?

FRI. Well, let me tell you some that I know have appeared in the press or otherwise mentioned publicly over the last few years.

ROONEY. In other words, there are some that you would—

FRI. There are some I prefer—

ROONEY. —prefer not to mention?

FRI. —not to mention. We serve the Veterans Administration, the Peace Corps, the Department of Transportation that I mentioned earlier.

ROONEY. But the ones that interest me most are the ones that you won't tell me. (Laughing)

FRI. That's a representative list. We serve the Office of Management and Budget, the Treasury Department.

ROONEY. Why wouldn't you tell me?

FRI. It's simply a practice of the firm to—that we're not the ones who tell publicly who our clients are.

ROONEY. In other words, the Government would come to you and give you this contract and say, "But don't tell anybody about it."

FRI. No, they don't say that. And I'm not—I'm not trying to dodge your question. I'm just being true to the standard practice of the firm, which is a carry-over largely from the private sector. But we still observe it here, to the extent that—that our relationship with a client is not widely known.

ROONEY. Is there a way we could find out what McKinsey's total income for one year was from the Government contracts?

FRI. Well, it would be in the several hundred thousand dollar range.

ROONEY. Well, that one you mentioned was three hundred and eighty-five thousand, so——

FRI. Yes.

ROONEY. It certainly would be several hundred.

FRI. Yeah.

(Announcements.)

ROONEY. Power is always slipping away from most of us and into the hands of the very few. I guess we all worry about it, but if you spend some time in Washington, you get thinking that Congress, at least, isn't really very dangerous.

Almost everything we do is a fact before Congress knows what's happened. Take sex, for instance—or the economy, if sex offends you. Our national habits have changed in regard to both sex and money. But Congress didn't have a thing to do with either of them. We establish our own rules of how we live and all Congress can do is make them official and make them apply to everybody the same way.

Even if a Congressman wanted to become some kind of a dictator, he couldn't do it. He's too busy.

Congress is disorganized, overworked, and very little of what they do becomes law. If one of them is for something, another is against it. We're lucky they don't get along because it offers all of us a great deal of protection.

Rep. TENO RONCALIO (D-Wyo.—speaking at Congressional committee meeting). Otherwise, we ought to attach this kind of a rider to every single bill that goes through the Congress, on any growth, any programing whatever, where the Feds come back and say, "Well, if you don't do it this way, you don't get—you don't participate in the American Dream." On that basis, Mr. Chairman, I have to be against this amendment.

Rep. BELLA ABZUG (D-NY). Would the gentleman yield?

RONCALIO. Sure.

ABZUG. May I ask council, do we not have in our bill at present . .

ROONEY. We can't get cameras into the House of Representatives, so we don't have film of a little argument that we saw break out one day between Congressman James Cleveland of New Hampshire and Congressman Pierre duPont of Delaware. We went to their offices later and talked to each of them about that.

I heard you speak on the floor of the House a few days ago. You were trying to get money for people in a ski area because they said they were in trouble because it hadn't snowed much. Is protecting businessmen from the elements a function of Government?

Rep. JAMES CLEVELAND (R-New Hampshire). I think so. I'm sure you're acquainted with flood insurance and disaster insurance. And I think that we have various Federal programs to assist people that have been victims of some natural dis—disaster.

ROONEY. Is not snowing a natural disaster?

CLEVELAND. Well, apparently, it didn't fall within the provisions of any existing law and that's why I got the amendment through that I did.

Rep. PIERRE DUPONT (R-Delaware). My reaction to that is that we've come to the ultimate in Government law. We're paying people because it isn't snowing where they live.

ROONEY. But what do you say to Congressman Cleveland who says there are five thousand people in New Hampshire who aren't going to eat well enough because it didn't snow; they need help?

DUPONT. Well, you say, "Jim Cleveland, you're a good friend and you're a nice guy, but we shouldn't be paying people because it doesn't snow. If it doesn't snow, it doesn't snow, and that's one of the things we live with."

CLEVELAND. The ski industry is—is—is really quite important to Northern New England and Northern New York. It employs a great many people and it particularly employs a lot of college students who are attending colleges in those areas. It's weekend work for them when most of the action is——

ROONEY. But that day on the floor of the House, I—I was sort of amused and I suppose you weren't. But Congressman du Pont said that it had been raining in Rehoboth Beach where he has a lot of constituents and the people who sold bikinis were in trouble and that he wondered if they would be eligible for support because it was raining in—at the beach.

CLEVELAND.—Well, the—I think—the answer is that if there was a prolonged period of rain and dismal weather, I would think that a resort type area might be eligible for this.

DU PONT. And the other thing you can say to him, although he probably wouldn't like it, is "Jim, if we start the subsidies this year, and it snows less next year, you'll be back for more. It's an endless program. And furthermore, if it does snow next year, you'll be back for this amount anyhow, 'cause you'll say if we stop the subsidies now, nobody will make any money and the result is pretty soon we'll be paying people whether it snows or not."

ROONEY. Congressmen and women do most of their work in committee session. A lot of those are closed to the public, but a lot are open too. And tourists ought to spend more time at these and less time hanging around down by the Washington Monument.

We listened in on about thirty committees. (Sounds of committee speakers in background) You often pick up interesting little bits of information.

Sen. WARREN MAGNUSON (D-Washington). The price of wheat to the farmer is a very small item in the price of a loaf of bread, whether it goes up or down.

Committee CHAIRMAN. That's very true.

MAGNUSON. And there are many occasions, I guess you've found out, where the price of wheat would go down and the price of a loaf of bread would go up.

CHAIRMAN. Could you, for the record, and the record will stay opened——

ROONEY. In Washington, everything is "for the record" which usually means: Let's not waste time with it.

Assorted committee members. "Your statement in full will be entered in the record of the hearing at this point." "Your statement which you have presented to us will be incorporated in the record in full." "I wonder if my statement can be entered in the record?" "Your statement will be reproduced in full." "We have your full statement here. It will be placed in the record in full." "Mr. Dickie, I believe you skipped over some parts of your statement and——" "Yes." "Your statement will be entered in full in the record."

ROONEY. Washington is probably the only place in the whole world where there are more writers than readers. Everyone is writing something, having it duplicated or printed and distributing it to everyone else. No one, it seems, is actually reading much of it.

The U.S. Government Printing Office in Washington has committed more words to more paper than any other printing plant in the whole world. The Congressional Record alone is a monumental job of printing. Eight hundred and thirty linotype operators and editors work all night putting it out.

This is a more or less average day's Congressional Record. We've counted and there are four thousand more than half a million words in this. That's just for one day.

Let me read you the way Congress open each session. First there's a prayer, and then the Speaker of the House or the Senate makes a motion—in this case, Senator Mansfield. He says, "Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of (the previous day) be dispensed with." Well, consent is always given—thank God!—because it would take sixty solid hours to get through reading just this one day's Congressional Record. And by that time, of course, they could have had three more sessions of Congress.

Behind these fireproof doors at the Federal Records Center are two-and-a-half-million boxes of papers that probably ought to be burned. These cardboard coffins are headed for the crypt. They're being saved, not so much because they're important, but because—like your own Sunday paper—someone couldn't stand the thought of throwing them out without reading them. And they couldn't stand the thought of reading them.

Filing costs the Government two billion eight hundred million dollars a year, about thirteen dollars apiece for every American.

Your name is in here somewhere. And so is your father's.

Not all Government records are kept though. The Pentagon is a regular secrets factory. And most of the secrets it produces every day are destroyed right here where they're made. This is the biggest secrets disposal mill in the whole universe.

When people from a Pentagon office have papers they want to destroy, they bundle them up, bring them to this disposal center, sign for them, and stand by until they've been chewed and digested by this machine. According to a usually reliable Pentagon source, there are (in addition to the secrets) usually a few unfinished crossword puzzles that go in here to be uncycled.

About how much of this do you run through a day?

Pentagon paper-shredder supervisor. Well, on the average of ten to fourteen tons of dry paper.

ROONEY. And those are—those are all secrets?

SUPERVISOR. All secrets, as far as I'm concerned.

ROONEY. Boy, that's a lot of—ten tons of secrets is a lot, isn't it?

SUPERVISOR. Yep.

ROONEY. Do you ever get curious about what's on those?

SUPERVISOR. No, sir. You get to the point where you don't pay any attention to what goes in.

ROONEY. And there's no possibility of anybody reading this, is there?

SUPERVISOR. I'd say! Take a look at it. If you can read that, why, I'll give you my next month's salary.

ROONEY. You might think the Government isn't aware of the proliferation of paperwork in its operation. Wrong. The Government has had studies done of the problem—lots of them. Every book in this pile represents a study of some kind about the paperwork problem.

"We've had a study done." That's what you hear all over Washington. Having a study done is an end in itself. Actually doing something about a study is something else.

We went in to talk to Mark Koenig, who was called Assistant Archivist for Records Management. He was sort of in charge of trying to cut down on Government paperwork.

What's the cost of Government paperwork?

KOENIG. The last estimate we had from the General Accounting Office is fifteen billion dollars a year.

ROONEY. Fifteen billion for paperwork!

The Paper Management Office tries to encourage people to cut down on paperwork by having a contest every year. We have one of the letters sent out by a department head telling his people how to enter their nominees. The letter seemed like sort of a bad way to start out saving paper. We've stuck it upon the wall here. It says: "The purpose of the award is to honor those Federal employees who have contributed significantly to the efficiency or cost reduction of Federal paperwork systems. Nominating procedures are described in the prospectus, but one change is necessary. Six copies of any nomination, rather than four, should be submitted." Well, now, that's a bad start when you're trying to save paper.

The Awards Ceremony itself was a combination luncheon and cocktail party. It began at 11:15 in the morning. It was a big event and very pleasant, but not in itself a good example of saving paper. There was paper everywhere you looked and in great quantity. You wonder whether maybe the Paperward Award wasn't costing the Government more in paper than it was saving it.

(Film montage depicting Paperwork Awards preparations and ceremonies.)

We weren't sure why the Paperwork Awards ceremony was opened with a military color guard marching into the dining room. But, of course, we'd never been to a paper saving award ceremony before, so what do we know?

(Martial music—color guard—"Order, Arms!"

Awards hostess. I welcome you, on this glorious autumn day, to this wonderful presentation. We will now have lunch.

ROONEY. This is the Superbowl of paper saving. We thought they were picking just one Government money saver, but it turns out there were lots of them.

Awards presenter. There's one overriding factor. The overriding factor is simply that all of these people are winners.

ROONEY. They gave out forty-one awards, some of them to as many as eight people. Actually, you could come away from this affair with the idea that the Government wasn't wasting money at all on paper—that it was actually making money on it.

ROONEY. Saving this kind of money, we could become a rich nation again.

Paper savers (midst applause). "Oh!" That's—" "Oh, he saved about—" "Congratulations!" "Congratulations!" "Thank you." "Thank you very much." "Going to look pretty; going to look nice." "Hey, all right." "Thank you." "Congratulations." "Okay." "Bye-Bye." "So happy for you." "Where you gonna go?" "You going to go and have a drink with us?" "Oh? Say, that would be great." "You know Phil?" "I'm not—I'm not going back to the office." "Oh, you're not?" "Nah!" "Yeah."

ROONEY. There's almost always some place to go except back to work in Washington. There are a thousand little parties every week and it seems as though some people go to all of them. In Washington, the amenities often take up more time than the business.

Secretary of State HENRY KISSINGER. And when I publicly admit that I do not know something, you can believe me. (Laughter). So I look forward to—to—

ROONEY. The pace of the city is slower than in the cities that make something. There are more "Time Outs"—more days off. Lunch doesn't always mean eating.

You do this on your lunch hour?

Jogger (crossing bridge over Potomac). Or whenever.

ROONEY. There's a lot of this going on in Washington. How come?

ANOTHER JOGGER. It just seems to be that way. I don't know.

ROONEY. What's your job?

Second jogger. I'm over at the Pentagon.

ROONEY. How many miles do you run a day?

Third jogger. Five.

ROONEY. Five miles. Where do you work?

Third jogger. Pentagon.

ROONEY. Everything will still be here tomorrow. The Government isn't making anything.

(Announcement.)

ROONEY. The United States Government pays out something like $95-billion a year in subsidies. It seems as though every company and every professional organization has an office in Washington to represent its interests.

(Photo montage with sound effects depicting D.C. lobbies/organizations.)

Almost every bill passed in Congress influence the distribution of money and the trick is to get more out of the Government than you're putting in. Everyone knows the tax break the big oil companies get, but you don't hear much about the others. The lumber industry, for instance, gets a subsidy of a hundred and thirty million. The Federal Government pays out two hundred and forty-four million to fourteen shipping companies. Every American seaman is subsidized for about twelve thousand dollars. And that's in addition to what the shipping company pays the sailor.

And you don't have to look to the giants of industry either to find money being handed out. We were wandering through the Rayburn Congressional Office Building one day and came on an Association of Beekeepers trying to talk Congress out of some money.

Bee cage promoter. But without the humble honeybee, agriculture couldn't survive. There's about 90 plants in agriculture—blueberries, apples, oranges, lemons, lots of other plants—where the honeybee is completely indispensable. We have to have the services of this little animal in—again to bring the male and the female plants together.

ROONEY. Are you a beekeeper?

Processor. No. We're honey processors.

ROONEY. I see. And what is the purpose of this meeting?

Processor. The purpose is to educate the Congress on the needs of the honey people.

ROONEY. How much help from the Government does the honey business get?

Honey businessman. If you want me to be very candid, we don't get as much as we would like, we would like to ge more help, that's one of the reasons that we're up here today.

ROONEY. What sort of help do you need from the Government?

Honey businessman. Well, for instance, insecticide poisoning sometimes kills our colonies. And, of course, that stops our production.

ROONEY. Are you reimbursed for that?

Honey businessman. We are reimbursed for this.

ROONEY. Have you personally gotten money from the Government?

Honey businessman. Yes, I have, on a couple of different occasions, very small amounts.

ROONEY. And how much did you get?

Honey businessman. Ah—

ROONEY. Roughly?

Honey businessman. Five hundred dollars.

ROONEY. Well, he isn't the only one who got a little something. It turns out that last year alone we paid a million and a half dollars to beekeepers who said some of their bees had died under unfortunate circumstances.

Bee cage promoter. I'll put my hand down here, and if I jerk it back fast you'll know that I missed.

ROONEY. It's all perfectly legal. You don't have to be dishonest to get rich off the Government.

One of the reasons so many of us don't feel so good about Government is we've had dealings with the people who work in it. Ideals like democracy are only pure and clear in a book or at a distance where you can't make out any of the details. Good Government doesn't seem nearly so good when you're being run around by some junior clerk in the License Bureau.

But we're determined not to be all negative. There are good things about Washington and some very good public servants.

We talked to some people who aren't heads of departments, don't have any big deals going, and aren't in the headlines. They're just competent people working in Government jobs.

Phillip Hughes of the General Accounting Office was one of them. He and his wife came here from Seattle twenty-five years ago and still live in the same house they bought then. On the three mornings a week he plays handball, Mr. Hughes doesn't get in till almost 8:00.

Did you choose Government as a career or did it just sort of happen to you?

HUGHES (laughing). I guess I'm not real sure. I think, at least periodically, I re-chose it. I'm a product of the Depression era, as most of us—all of us my age—are. And I was concerned when I was in college with the kinds of things that got us in the plight we were then in and about ways to get out of it. That led me to get in the business of social and economic research and that got me into Government. And I've been sort of plowing my way along ever since.

ROONEY. Has there been any change in the attitude of people going into Government?

HUGHES. I think interest in Government, and the enthusiasm for it, waxes and wanes depending on what's going on. I think the Kennedy and Johnson years brought a burst of interest on the part of young people in particular, and perhaps on everybody's part, in Govenrment—some feeling that Government could save the world. We've been disillusioned from that, those of us who were—who may have been at least partly convinced of it. But from my standpoint. I've found the Government a continuing source of fascination and an opportunity, at least at times, to feel that you have some grip on the world in which we live and on your own personal destiny and future.

ROONEY. I'm interested in your saying that you're disillusioned. You mean from time to time you have been?

HUGHES. Yes, I think we had more confidence in the '60's that good Federal programs, well administered, could do things; could eliminate poverty, and so on. Those good programs won't by themselves do it.

ROONEY. Is there to much Government in America?

HUGHES. Well, again, I'm—As a bureaucrat, that's a terrible question to ask me. But I—I guess I don't think so. There needs to be a central, at least a central source of inspiration, a source of exploration, and it seems to me Government is the—is really the only place to do that. But it needs to be done better than we've done it yet.

ROONEY. In general terms, do you find the Government represents the public interest or its own interest? Is it a self-perpetuating organization?

HUGHES. Well, all organizations tend to perpetuate themselves—all organizations and individuals. That's the nature of the world. But I think Government more nearly represents the public interest than any other entity that we have. And I—you know, I find it quite responsive. Most public servants, whether elected or—or appointed (or bureaucratic, as I am, in a sense) I think I want to respond to their perception of the public interest. Now, nobody's perfect in perceiving it. But I think most of us in Government try.

ROONEY. So that's some of what we found out about Washington.

Our society has become so interested in the visual aspects of everything, it's easy to forget that there are no pictures of the most interesting things that go on in the world. In Washington, it's not only hard to get pictures; it's hard to find out anything about anything. People hide things there's no reason for them to hide. Everyone has a public relations person who is more interested in obscuring the truth than revealing it. Every time you ask a question, you get the impression they aren't thinking so much about what the honest answer is, but about what answer would make them look best. The truth doesn't enter into it unless it happens to coincide with their own best interests.

Now, that doesn't make Government people unique, of course, but it makes you madder when you're being deceived with your own money.

It's very apparent that we all ought to know more about what's going on in Washington. The people who think everything is wrong down there are as far from the truth as the people who don't think anything is wrong. It's not being run by evil people, it's being run by people like you and me. And you know how we have to be watched.

SENATOR McINTYRE ADDRESSES ENERGY CRISIS AND ITS BASIC IMPACT ON AMERICA'S FUTURE

Mr. HUMPHREY. Mr. President, in a recent address to the Exchequer Club, my friend and colleague from New Hampshire (Mr. McINTYRE) called for a national energy policy aimed at "total emanicipation from a dependence on fossil fuels that has eroded every component of real national security."

In this thoughtful speech, Senator McINTYRE expressed the urgency of solving our energy problems through specific and direct actions—and he is to be commended for this demonstration of the nature of clear and effective decision-making. He pointed out that—

National security and our collective right to life, liberty and the pursuit of happiness rests with the energy decisions we make in the next few days, the next few months, the next few years at most.

Senator McINTYRE has correctly stated what is most important for all of us to realize. The energy crisis does not merely raise the possibility of long gas lines, or higher electric bills. No, the energy crisis, unless acted on promptly and wisely, threatens the very fundamentals on which this Nation was established.

I wholeheartedly endorse Senator McINTYRE's conclusion that—

We must proceed with all due haste to research, to develop, to put into widespread use those non-fossil, non-nuclear sources of energy that will not pollute, cannot be embargoed, do not lend themselves to cartel control, won't provoke global hostilities, and are in endless and abundant supply.

Mr. President, I compliment the Senator from New Hampshire for his leadership on the critical energy questions that confront our Nation and, in particular, how this crisis relates to our national security. I ask unanimous consent that Senator McINTYRE's remarks on February 19 to the Exchequer Club be printed in the RECORD.

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

YARDSTICK FOR SURVIVAL

(By U.S. Senator THOMAS J. McINTYRE)

I want to talk about national security. And I want to talk about it in terms of total concept.

I believe our national security has been critically eroded by one of the costliest errors in human judgment since man came upon this earth.

And I would like to begin a consideration of how we can survive this error by asking a basic question: What is national security?

Let me suggest that national security is above all else the ultimate guarantor of our right to life, liberty and the pursuit of happiness. In considering what contributes to real national security, let's dispense with the obvious. Reason, common sense, and a recognition of the dark side of human nature demand that we maintain an adequate arsenal and a prudent defense policy until mankind at least ascends a few more steps on the ladder we call civilization.

But surely there are other components, and I offer these:

1. The relaxation of global tensions and hostilities.

2. A physical environment that neither threatens mankind, nor is threatened by mankind.

3. A healthy, vigorous and competitive economy.

4. The people's trust and confidence in the logic and fairness of Government policy and programs.

If you agree, then ask yourselves: What single element has weakened all four of these components in recent months?

What single factor has heightened global tensions? Hurt or threatened the health of our people? Raised havoc with the world economy? Plunged us into a near-depression? Undercut confidence in leadership and policy?

Would you agree that in a word the answer is "oil?"

Would you agree that in a phrase the answer is the industrialized world's enslavement to sources of energy that will soon be exhausted, that can't be renewed, that pollute the world we live in, that lend themselves to ruthless exploitation and blackmail politics, that breed greed, envy, chaos, and war?

I believe that this enslavement—coupled with a blind refusal to research and develop clean, renewable alternative energy resources—must, indeed, be one of the most calamitous errors in human judgment since time began.

And that error is being compounded by the day!

You think not? Then let me challenge you to square President Ford's call for thousands of new oil wells, 30 new major refineries, and a doubling of oil and natural gas output in the next ten years with the results of the study just released by the National Academy of Sciences. That study concludes that the United States will run out of oil and natural gas in the next 25 years!

Moreover, 70 percent of the remaining oil and most of the natural gas reserves are located in Alaska, under the seas, or in the tar sands of Canada or the shale rock of Colorado.

This means an unavoidable increase in extraction and delivery costs, further inflation of wholesale and retail prices, and immense new environmental protection problems. And all this amidst the certainty that time and supply are fast running out.

And may I suggest that there is a high risk corollary to this primary folly, the gamble that development of nuclear and coal resources can be brought along fast enough to bail us out by the time we exhaust oil and natural gas supplies.

Now let me make this clear. I am not paranoid about nuclear energy. Nor am I an eco-freak who lies awake nights worrying about the survival of the whooping crane.

But when I consider the incredible sums we've poured into nuclear energy development since World War II—and measure that investment against the meager returns; when I consider the huge capital costs involved in setting up nuclear generating plants; when I consider the enormous amounts of energy it takes to build reactors and prepare their fuel; when I consider the radiation risks, the solid waste disposal problems, and the disturbing thought that a proliferation of nuclear power sites throughout the world seems certain to invite sabotage by terrorists then I must question the practicality of putting so much of our research and development egg into that particular basket.

Nor am I convinced that it is in our best interests to go all-out to exploit the subsurface coal reserves of Montana, Wyoming, North and South Dakota.

If we take the most optimistic estimate of the size of those reserves and measure it against the most ambitious plans for extracting and using them, we come up with an exhaustion date of 1996. My friends, that's only 21 years away! And when we factor in the legitimate doubt that the terrain and the water supplies of those states can sustain mining and power generation without damaging the region's immense capacity for food production—and add to that the increasing political opposition to coal exploitation in these states—well, I don't see how anyone can be sanguine about the prospects.

What I am saying, then, is this: The energy-economy program advocated by the Ford Administration makes every assumption about the supply of fossil fuels except

the one asumption that is certain: the supply is fast running out and will never come back.

Moreover, and I say this with regret, the alternative program proposed by my own political party just this week may be more humane, and may be on sounder economic ground, but it is still locked into the straitjacket of conventional energy wisdom. For like the Ford program, the Democratic alternative calls for accelerated exploration for oil on the Outer Continental Shelf, a raiding of the Naval Petroleum Reserves in Alaska and Elk Hills, coal conversion incentives, full production of natural gas potential, and the rapid expansion of nuclear power. And like the Ford program, it pays only lip service to the development of those renewable, non-fossil energy sources which would give us, finally, true national security.

All right, if I feel both parties are committed to the wrong energy path, what am I going to do about it? Well, appreciating the mystifying ramifications of the energy-economic crisis—many of which confound my level of expertise and the resources of my staff—I can only say that I will try to do what I can, where I can, with what I do understand.

First of all, I intend to measure everything I do—whether it is the votes I cast as an individual Senator, the exercise of my Committee responsibilities, or the legislation I introduce or support—against the yardstick of what it would do to enhance those components of true national security I outlined earlier.

And, because I believe that all of these components have been compromised and weakened by our enslavement to fossil fuels, I will further measure each act against what it will do to hasten the day of complete emancipation.

Now I concede the cautioning impact harsh reality makes upon this noble goal. We have to survive the immediate crunch. And to do it may well mean speeding up the search for fossil fuels, may well require a temporary relaxation of environmental standards, and may mandate still higher energy costs.

But let's keep clear the distinction between a necessary backing up to get a running start toward emancipation—and continued surrender to fossil fuel dependence. The goal of emancipation from fossile fuel dependence is not visionary nonsense. It is a goal within reach—if we just make the effort.

Are we to say that a nation that set out to break the mystery of the atom, and did it in four years, that set out to put a man on the moon, and did it in twelve years, cannot master the technology of harnessing the sun, the wind, the tides, the ocean currents, and the heat locked deep within the earth?

To respond to the immediate crisis, the first priority is the restoration of a free and healthy economy—and regaining the people's trust in the logic and fairness of government policies and programs.

To spur the economy, we must have a tax rebate and a tax reduction that will benefit most those who need it most; a freeing of impounded funds, more public service jobs; incentives to stimulate the housing industry; as well as other incentives to increase production and employment.

At the same time, we must discourage any act that would increase energy costs until the economy is again on the rise—and that most emphatically includes the tariff on imported oil and the lifting of remaining controls on domestic fuel prices.

Closing down the flow of imported oil by stepped up tariffs not only boosts consumer prices and increases the pressure on our own national oil reserves, it unnecessarily fans the friction between us and the Middle East producers. I don't believe in knuckling under to those nations, but neither can I see any sense in arbitrarily closing off supplies that can help us save our own. At least not right now. For our most pressing need is to conserve what we have, to make it last until we can replace it.

Beyond the conservation measures already proposed, I really would like to see tax and mortgage rate incentives for installing solar heating and cooling systems, for instance, and incentives for small businesses to get into alternative energy source research and development.

And I think we would be wise to develop standby fuel allocation programs in case the situation worsens, and to be prepared to face a gradual taxation of energy consumption to discourage over-use. Taxes collected could be used to fund more energy research. Should the need arise, I would suggest an Energy Lifeline Plan, which would be, in effect, an energy luxury tax.

Under this plan, every American would be allotted a share of energy to meet his normal requirements. There would be no tax on usage up to the limit of that allotment. But anyone who consumed more than his allotment—be it gasoline, fuel oil, electricity or natural gas—would pay an increasingly stiff tax for excess usage.

Taxes on gasoline, for example, would be collected from evernone at the point of purchase, but could be rebated to those who stayed within their allotment through the tax withholding system, or through increases in unemployment or Social Security benefits. I believe that incentives for individuals and businesses to cut down on consumption, a graduated tax on energy consumption, if needed, leaning hard on car manufacturers to reduce model size and increase mileage, and a change in utility pricing systems to discourage excess consumption, would do much to stretch our remaining fossil fuel supplies.

But if the people are to accept willingly the burden of energy austerity and pay the taxes and the prices that austerity may require, then they must be protected against rip-offs that weaken their trust and confidence in leaders and institutions. In my judgment, one of the first things we can do to give the people that assurance is to cut the major oil companies down to accountable size. To help accomplish this, I am proposing two bills.

The first is the Petroleum Marketing Moratorium Act, a piece of legislation that would forbid any of the nation's largest integrated oil companies from acquiring any more marketing outlets. This would serve to protect the last remaining area of effective competition within the industry. The second bill, which I will introduce with other members of the Senate Select Committee on Small Business, is a logical follow-up to the first.

This bill, called the Free Enterprise Petroleum Act, would break up the nation's big oil companies. It would forbid pipeline companies from transporting products they produced or manufactured, and it would prohibit refiners from marketing finished products unless they qualified as "independents." Independent refiners are those who buy three-fourths of their crude oil and sell most of their products at the refinery. In addition to this legislation, I am also planning a series of investigative hearings on the role of small business in energy research and development, with an eye to encouraging competition in this area. I think it almost goes without saying, however, that the single most important action that could assure the average citizen his government was treating him fairly is the kind of tax reform that would close loopholes that let oil companies pay a lower rate of income tax than a factory worker or a secretary.

As a member of the Senate Banking Committee, and particularly as Chairman of the Subcommittee on Financial Institutions, I'd like to make two points. The first is that our economic difficulties, worsened by the oil situation, have not escaped our financial institutions. As most of you know, my Subcommittee has been considering legislation designed to make our financial community better able to adjust to economic shifts, particularly shifts in interest rates.

I plan to push these proposals forward in the Financial Institutions Act of 1975, which I expect will be introduced by the Administration next week.

The more we can increase competitiveness and flexibility through restructuring of our financial institutions, the better we'll be able to meet the needs of those sectors of our economy that rely most heavily on a viable thrift industry, particularly housing, and the better we'll be able to absorb any further "oil shocks" to our financial system.

In addition to financial restructuring, there is a second point that needs to be raised. What should our public policy be with respect to the recycling of petrodollars back into our economic system?

Clearly it is in our best interest to encourage the return of OPEC surpluses into productive investments within our economy. The problems are:

1. How do we encourage stepped-up investment?

2. And what national concerns need protecting in the process?

The fact that this money is highly concentrated in the hands of relatively few potential investors, the fact that this money tends to be highly political, the fact that these surpluses are the result of monopolistic pricing, and the fact that a number of potential investments tend to be more political than others, means that we need, at the very minimum, to establish criteria outlining the nature of our concerns. This may well require certain reporting and disclosure arrangements, certain anti-discriminatory provisions, and, conceivably, limits on the magnitude or types of investments into designated sectors. These areas clearly need further exploration and study.

The other side of the coin is the incentive to the OPEC countries to engage in longer-term, more individual types of investment. Here we have to minimize the political problems which attach to this type of investment and attempt to use more purely professional investment expertise in the recycling process.

Finally, I turn to the responsibilities—and opportunities—I have as Chairman of the Armed Services Subcommittee on Research and Development. In this role I devote a great deal of my time to the constant search for technological break-throughs that will enhance our national security.

Perhaps the time has come for this research and development effort to go beyond the development of new technologies for the weapons of war. If it is truly in the interest of national security to develop renewable, non-fossil and non-nuclear sources of energy, as I believe, perhaps this effort should be given a very high priority in our defense planning.

The immediate benefits to the military are obvious, it seems to me, for what could be more reassuring than constant energy supply at stable costs. But the over-all impact would go far beyond the military. In effect, the development and use of alternative energy by the armed forces would serve as a demonstration project for the nation, and the technological advances made through military research and development could be quickly adapted for civilian use.

So perhaps my particular role should be that of focusing on the importance of this issue in Subcommittee and Committee, and asking that specific programs of energy research be carried out within the Defense R&D budget.

My Research and Development Subcommittee is, after all, the only subcommittee in the Senate which deals exclusively with

our nation's research and development efforts.

Now given the fragility of international oil supply lines, the inevitability of total oil depletion and the very real risks of nuclear energy proliferation, one might assume that long range national security planning would include research into alternative energy sources. Not true. In fiscal 1975, the Federal government is devoting a total of $1.67 billion to direct research and development in energy. The Department of Defense, which has a $9 billion R&D budget, is spending a mere $5 million on energy R&D—and this $5 million is directed solely at finding ways to conserve use of existing fuels in existing vehicles and structures. Nothing—not one red cent—is being spent to find other sources of energy. And the Fiscal '76 budget is just as sterile.

Now you might ask whether that kind of research is being done by other government agencies. Here, again, we find a discouraging record. Of the total $1.67 billion the Federal government has budgeted for energy R&D only $102 million goes toward alternative energy research. In contrast, more than nine times that amount is earmarked for research in nuclear energy.

It seems to me that the military offers a particularly appropriate opportunity to demonstrate the potential for non-fossil fuels.

The feasibility of solar heating, for example, has been amply proved in residential structures, but inducing conversion to solar heat in the private market is a discouragingly slow process. In contrast, a vast amount of military construction is begun each year and if we mandated that a percentage of this construction must not only employ energy-saving technologies but must install non-fossil fuel heating and cooling systems we could avoid the problems private builders have with building codes and zoning restrictions, and there would be no need for incentives like tax breaks and low-interest loans.

By spending Defense research and development—and construction—money on a weapon of peace like alternative energy, perhaps we could accomplish three worthwhile goals:

The logic and sanity of such a program could rebuild trust and confidence. The program could provide many public service jobs of validity and demonstrable worth. And the results of that spending could so clearly establish the economic and the technological feasibility of alternative energy use that it could serve as an inspiration and a model for civilian construction in every part of the country.

And now, in closing, let me sum up:

1. Our enslavement to fossil fuels has eroded national security because it has weakened every component of security.

2. The only certainty we have about the supply of fossil fuel is the certainty that it will soon be gone. In the case of oil and natural gas, perhaps 25 years. In the case of subsurface western states coal, perhaps only 21 years.

3. The vast sums poured into nuclear energy thus far have produced disheartening results. And the world-wide crash program to build nuclear generating plants may well elevate the risk of radiation pollution and terrorist sabotage.

4. Despite these facts, both major political parties still cling to the conventional wisdom about energy, while paying only token heed to the promise of alternative sources.

There is still time to break out of this conventional thinking. But not much.

In my judgment, National Security and our right to life, liberty and the pursuit of happiness, rest with the decisions we make in the next few days, the next few months, the next few years at most.

We must breathe health, vigor and competition back into our economy. We must conserve what conventional energy resources we still have. We must bring the major suppliers of conventional energy down to accountable size. We must eliminate the multinational corporation middle-man from international negotiations. And, most importantly of all, we must proceed with all due haste to research, to develop, and to put into universal use those non-fossil, non-nuclear alternative sources of energy—energy sources that will not pollute, cannot be embargoed, do not lend themselves to cartel control, won't provoke global hostilities, and are in endless and abundant supply.

If you agree with me that present and projected energy policy is based upon a fossil fuel supply situation that is no longer what it was—and will *never* be again, upon reaction instead of action, and upon concepts growing more obsolete by the day; if you agree that the time has come to break ground for new ideas and new policies and to *plan ahead*—one year, five years, half a century and more; then I ask you to join with me in using the goals I've outlined as a yardstick to measure every program, every policy, every piece of legislation that presents itself from this time forward.

PSYCHIATRY PAYS MORE ATTENTION TO THE ELDERLY

Mr. MUSKIE. Mr. President, as chairman of the Subcommittee on Health of the Elderly of the Special Committee on Aging, I have been concerned for some time about a general unawareness of mental health needs of older Americans.

The committee, in a November 1971 report, declared:

> Widespread confusion and contradictions in public health policy on mental health care of the elderly are causing heavy economic, social, and psychological costs among older Americans and their offspring.

That report, "Mental Health Care and the Elderly: Shortcomings in Public Policy," expressed special concern about: limited attention given to older persons at community health centers, so-called dumping of elderly patients from State hospitals into inappropriate and often wretched quarters, and a general lack of understanding about mental health problems related to aging.

Soon after that report was issued, I introduced legislation calling for a Presidential Commission on Mental Illness and the Elderly American, as recommended by the report and by leading professional organizations related to psychiatry and psychology.

That legislation was passed in modified form last year as part of a bill later vetoed. I intend to seek early action in 1975 on that legislation.

A recent issue of the National Observer carried an important article: "Psychiatrists Pay New Heed to Mental Problems of Aged." I found this article to be very informative about shortsighted attitudes which cling stubbornly in many people's minds. One such attitude existed in the minds of psychiatrists themselves; they seemed to discount the needs of older persons. Some apparently believed that mental illness in the elderly is not reversible. The tragic consequences of such attitudes can be seen in many institutions, where older patients may be regarded as "senile" and therefore beyond help. And yet, it has been demonstrated again and again that the right treatment—sometimes it is merely a change in dietary habits—can lead to dramatic change in the patient's condition.

I believe that the article is timely and useful. I ask unanimous consent to have it printed in the RECORD.

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

PSYCHIATRISTS PAY NEW HEED TO MENTAL PROBLEMS OF AGED

(By Dwight Buell)

Sigmund Freud, the founder of psychoanalysis, said patients older than 50 generally couldn't be analyzed and treated successfully because they were too set in their ways. So for years American psychiatrists saw few elderly patients at all.

Now this is changing. As the aged population swells, more psychiatrists are taking an interest in gerontology and in ways of helping the elderly cope with the psychological stresses of aging. Moreover, psychiatrists are discovering, to the surprise of some, that most elderly people are emotionally healthy and that whatever mental disorders they do suffer are often reversible.

These and other unexpected findings about psychiatry for the elderly stem largely from the efforts of the 14-year-old Boston Society for Gerontologic Psychiatry. With an international membership of 150 psychiatrists, psychologists, social workers, clergymen, and other professionals, the organization has produced a wealth of scholarly research in three books and in its Journal of Geriatric Psychiatry.

FEW REALLY HELPLESS

Many of its members devote part of their private practices to elderly patients, even holding therapeutic sessions in the homes of the elderly or visiting them on their deathbeds.

"The usual image of an old person as being sick and helpless is highly misleading," says Dr. Martin A. Berezin, an associate clinical professor of psychiatry at Harvard Medical School and a founder of the society. He estimates that less than 5 per cent require custodial care.

COPING WITH AGING

"Most of the elderly are emotionally healthy people who retain the same life-style, drives, and coping mechanisms as in their younger days, although perhaps with some diminution of degree," adds Berezin, who is 61.

"An elderly person will only be rigid if he was rigid when he was younger. A person who had a calm and happy disposition in his younger days is likely to respond to old age in the same frame of mind. As long as the elderly can maintain the same life-style to which they've been accustomed, they are able to cope with the problems of aging," says Berezin.

Dr. David Blau, 47, says many old people can be rehabilitated: "Many of the mental disorders of the elderly, contrary to what many believe, are reversible. Even those with permanent brain damage can be helped with supportive therapy. The type of therapy for common upsets like confusion, disorientation, memory loss, and other more serious problems varies in depth and frequency as it does with younger people." Blau is an assistant clinical professor of psychiatry at Harvard Medical School and president of the gerontologic society.

HELP FOR THE DYING

But the elderly do pose special problems.

"They have less reserve with which to cope with their problems," says Berezin. "Frequently, they can't turn to their friends

or spouses for support because they are dead or inaccessible. In addition, their options for fulfilling long-suppressed ambitions, such as a 70-year-old woman's desire to have a baby, are severely limited."

The dying elderly need special help because, says Blau, doctors, nurses, and families tend to avoid them. Some elderly people find that pets help combat loneliness. Says Blau: "Anything a psychiatrist can do to make them feel someone cares is a marked service."

STAYING "INVOLVED"

Besides trying to inculcate a belief that one's past life has been relevant and worthwhile, the psychiatrists say, they often can show the dying that their fantasies about death, such as the fear of being abandoned or of suffering the wrath of God, are often based on childhood illusions. The psychiatrists say that death is faced with the greatest equanimity in familiar surroundings.

The key to successful aging seems to be to stay actively involved in life as long as possible. Many men who die soon after retirement are those who couldn't accept retirement because they were "Horatio Alger types who worked mainly because it was expected of them," says Berezin.

Something else that seems to help, these experts say, is planning ahead psychologically—as well as economically—with institutional support. They say this can help ease the trauma of change resulting from retirement in a youth-oriented society that undervalues the rich experience and balanced judgment that the elderly may possess.

COUNSELING FAMILIES

The devastating impact that the loss of their roles can bring to retired men helps explain why suicide is more prevalent in that group than in any other except adolescents, the psychiatrists say. A psychiatrist can try to bolster the self-esteem of those who think their masculinity is threatened.

Psychiatrists often find themselves counseling families struggling to cope with the management of the aging at least as much as they counsel the elderly themselves. Relatives of the dying often are overwhelmed and driven to escapist behavior by "anticipatory grief" that cannot be resolved because death and loss have not yet occurred.

SOME CHILDREN TOO SOLICITOUS

Says Berezin: "If the rest of the family is upset, it will be communicated to the dying person." A family conference before death in which the realities of the situation are explained can be helpful, the psychiatrists say. A professional counselor can be of value if he understands the family's sense of helplessness and gets the relatives to admit that they're upset. A dying person feels better if he or she knows others are concerned.

One widespread belief that Blau has challenged is that children often unload their aging parents on institutions and society. To the contrary, often they are overly solicitous, he finds.

TERROR OF NURSING HOMES

While most nursing homes concentrate on custodial care, the importance of personnel trying to understand the behavior of elderly residents is emphasized in annual seminars that the society conducts for nursing-home employes. The seminars also are designed to increase the professional self-esteem of nursing-home personnel in an industry beset by low morale and high employe turnover.

The gerontologic psychiatrists say an elderly person is often terrified of entering a nursing home because of the industry's poor image. The nursing home also represents a "closed door" that marks the approaching end of their lives.

Says Dr. Stanley Cath, a recent seminar speaker: "At least until recently, within a year one-third of the new residents would be dead because of their rage at being abandoned and the fear they would not be kept if they expressed their feelings."

One way to ease the shock of relocation, these experts agree, is to involve the elderly person in the choice of a nursing home and to have a "greeter" present when someone new arrives. In addition, a staff should try to make new residents feel that it is acceptable for them to express their feelings.

Nursing-home personnel need to know everything they can about a new resident and his or her background and personality to assure suitable matching of roommates and proper respect for the new resident as a person. "A new resident should be allowed everything of his own past life, such as his own bed, pictures, alarm clock, to help him or her retain a sense of identity," says Cath.

COUNSELING THE DYING

He concludes that "residents are human organisms that need to replace lost relationships with members of the staff in the attitude, 'I care for you; you have meaning.' This attitude doesn't happen by itself."

The nursing-home resident facing death wants to feel competent in dealing with the present, writes Dr. Bernard A. Stotsky. More than that, he or she needs the assurance that someone else, such as a clergyman, "comprehends what he is undergoing and has also soberly weighed and deeply felt the central issues of loneliness, abandonment, and expectation and fear of death."

WHAT HIGH ENERGY COSTS MEAN TO THE RUTH McINTYRES

Mr. McINTYRE. Mr. President, on January 30 of this year, the Coos County, N.H., Democrat, a local, and very fine New Hampshire paper, carried an article which caught my attention. The article concerned a Miss Ruth McIntyre, no relation I might add, and her efforts to cope with the current economic situation.

I will ask that the text of this article be printed in the RECORD, Mr. President, for it explains in poignant terms the impact that our current economic situation is making on peoples' lives. The cruelest part of this situation is the harsh toll it exacts from those who can least afford it, especially our senior citizens.

I would hope, Mr. President, that, as we become increasingly involved with the fine print of legislation, we will not become so preoccupied as to forget the human factor involved in all governmental deliberations and decisions, nor turn our back on those who most need help.

Mr. President, I ask unanimous consent that the full text of the article "What High Energy Costs Mean to One Whitefield Woman" be printed in the RECORD.

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

WHAT HIGH ENERGY COSTS MEANS TO ONE WHITEFIELD WOMAN

WHITEFIELD.—"At this moment I have less than $2. I am very poor right now."

Miss Ruth McIntyre lives on a fixed income. By her very nature, she accounts for every penny of every expenditure she makes during the year. Armed with bills and a religiously-kept record of expenses, she was able to accurately illustrate to the Democrat the frustration and difficulty of meeting expenses in this time of inflation.

Her income is derived from two sources. On the third week of each month she receives a Social Security check for $191.30. Having owned her home in town, she has been able to rent the lower floor. Her tenant pays her $75 in cash the first of every month for a total of $266.30 per month, or $3,095.60 per year.

Against that income she must weigh her expenses. Her largest expenditures are for oil, electricity, food and taxes. "I've kept an accurate account," said the former Whitefield Town Clerk. "I pay over $100 a month for oil. When it went over $100 a month I began to pay them on a budget plan. That was $40 a month. Now it is up to $50, and if I can, I pay $60. But I never came out ahead last year. I had to take money out of the bank to clear it up."

To illustrate the ravages of inflation, Miss McIntyre revealed that in the 1972–73 heating season, she purchased 2,858 gallons of fuel at a cost of $589.24. During the 1973–74 season she purchased 2,176 gallons—682 less than the year before—but paid $685.48—$96.24 more, for the fuel.

"Twenty-five dollars for electricity, I've never heard of such a thing," she complained as she produced a stack of Public Service bills. "It cost me $25.24 for electricity in December. Now I have an electric stove, a hot water heater, a TV. and a toaster. I have the lights on in one room at a time, one light at a time."

Food, too, is expensive, but it is the one bill Miss McIntyre has some control over. "I get meals on wheels, five days a week, one meal a day . . . it costs me $3.75 (a week) for my noon meals," she said. Other food must be ordered and delivered from a local market because she is confined to a wheelchair. Her total food bill averages around $60 a month. "And you can be sure I don't buy much meat," she added.

Smaller but necessary expenses chisel away at the remainder of her income. After meeting food, fuel and electric bills, she has about $100 left over each month to divide among a phone bill, cleaning and laundry expenses, clothing, property and building maintenance, water rents, fire insurance payments and budget payments to Weeks Memorial Hospital in Lancaster. Money must be squirreled away, too, to meet the taxes on her home. When things are paid up, there is simply no more money left over at the end of the month.

She is in no position to bear the brunt of higher fuel costs due to the President's proposed imported oil tariff or another increase in Public Service's fuel adjustment charge or even a telephone rate hike. "I'm down to rock bottom. You can't be sick, and it's a good thing I don't smoke," she said. She couldn't afford the cost of cigarettes now.

Miss McIntyre is not unaccustomed to adversity. She lost her mother when she was four and a stepmother when she was six. Polio crippled her in her second year, and she lost a leg at 18 when a corrective operation backfired.

Nevertheless, she earned a degree in business administration from UNH and returned to town to work for Judge Bowker. She held the town clerk post here for 13 years until she lost an election three years ago. Lamenting over the loss of the job, she said it would have helped offset the rise in costs and kept her "in the swing of things."

Prices are rising. Miss McIntyre said she has nowhere to turn but is optimistic about a proposed 12 percent increase in Social Security benefits in June. "That is if Gerald Ford doesn't cut it. We need that 12 percent, we really do," she said, tears streaming down her face.

GOVERNMENT PLANNING ESSENTIAL

Mr. HUMPHREY. Mr. President, I wish to call to the attention of the Senate an excellent editorial in the New York Times

of February 23 entitled "The Need To Plan—For Economic Policy."

It is becoming increasingly obvious that one of the shortcomings of our governmental structure is its failure to have any appropriate planning body either at the executive or the congressional level. The time to remedy this glaring inadequacy in our governmental institutions is now. Faced with the problem of shortages in critically needed supplies and raw materials, the evermore complex problems of fiscal and monetary policy, and the increasing demands upon our physical and human resources, it is imperative that the Federal Government do a better job of planning and forecasting.

The editorial in the New York Times speaks for itself. It says in plain and direct terms what the problems are that confront us and the need to plan for economic policy. I ask unanimous consent that the editorial be printed in the RECORD.

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

THE NEED TO PLAN—FOR ECONOMIC POLICY

Why is planning considered a good thing for individuals and businesses but a bad thing for the national economy?

The traditional (and ideological) answer is that individuals and businesses, with limited resources, should have long-range goals to which they can relate their day-to-day decisions, but at the national level planning is bound to be inefficient and an unwarranted interference with the freedom of individuals and businesses to make those decisions in accordance with their own best judgments.

Whatever validity that anti-government planning view may have had historically, it is becoming increasingly impractical and costly—as a small but growing number of businessmen, labor leaders, politicians, economists and scientists now recognize. Henry Ford 2d, more outspoken than most of his business colleagues, has said the auto industry and others need to learn to live with dwindling supplies of oil and other materials, and hence there is a concomitant need for national planning in order to match scarce resources with consumption in an equitable and efficient manner.

But the importance of planning ahead goes beyond the problem of preserving economic health in the face of diminishing energy and other resources; it also relates to long-range tax and budget policies to avoid inflation. There is a need for integrated programs to ensure that critical national goals are met in such areas as housing and urban development, transportation, health, education, protection of the environment and to provide full employment for the nation's continuously expanding labor force.

The day-by-day operation of private markets cannot deal with all those objectives; all of them involve the participation of government through taxation, public expenditures, regulation, subsidies, and foreign economic policy. Government is involved, in fact, in virtually all aspects of the economy in this country—as in all other modern industrial economies. The more than $300 billion the United States Government currently spends each year only partly measures its total weight in the economic system.

Given the present and prospective role of government in the United States economy, the issue is no longer whether government planning would interfere with private business but whether the Federal Government should act in so uncoordinated and shortsighted a way as it now does.

Efforts by government to look farther ahead and to gather, analyze and publish the information on which it is basing its policy decisions would help private industry to make its own planning decisions—without governmental coercion of the private sector. Industries would still be free to make their own investment decisions, but they would do so on the basis of more complete information about long-term trends as affected by government policies. Not only the Administration but Congress, private industry, labor, and other groups in the society would participate in the ongoing national debate over planning and in the establishment of national goals.

There are different routes that could be followed toward a more rational approach to economic policy in the United States. One is that proposed by Senator Hubert Humphrey in his Balanced National Growth and Development Bill, which would establish a planning agency within the Executive Office of the President; this would bring together scattered existing Federal planning bodies, including the Office of Management and Budget and the Council of Economic Advisers. Other possible designs would be to model the new agency on the National Resources Planning Board of the Roosevelt Administration, on the system of indicative planning followed in France, or to create a new body that would be responsible jointly to Congress and the White House.

Whatever the ultimate administrative and political design—and this could emerge only from full Congressional hearings and debate—greater order and perspective are needed in the American governmental process and in the economy and society. Planning may have its flaws and dangers, but the traditional planless approach has already proved its capacity for producing disasters.

OKIE—BADGE OF HONOR

Mr. HANSEN. Mr. President, our good friend and colleague, the junior Senator from Oklahoma (Mr. BARTLETT) is proud to be called an Okie. When he was Governor of that great State he popularized the term in attracting new business enterprise to Oklahoma with Okie badges and other promotional material advertising Okie as meaning "Oklahoma, Key to Industrial Expansion."

The Modesto Bee of Modesto, Calif., recently published an editorial on the history and evolution of the word Okie.

The Okies who migrated to California during the dust bound days of the 1930's were not always welcome in their adopted State, as some will remember from John Steinbeck's "The Grapes of Wrath."

But now, as the Modesto Bee concluded, the sting has gone out of the word, and Okie's are proud to wear their pins as a badge of honor.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD.

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

[From The Modesto Bee, Feb. 10, 1975]

"OKIE" GOES TO COLLEGE

The word Okie continues to take on respectability. A news story the other day said Sonoma State College will offer a course in the "contemporary impact" of the Dust Bowl migration of the 1930s, including research into Okie literature, music and folklore.

They will be mining a rich vein. The great folksinger Woody Guthrie came from Okemah, Okla.

What struck us, though, was the casual use of the word Okie in describing the course. As many in the San Joaquin Valley can testify, it was a fighting word 35 or 40 years ago an expression of cruel contempt for those from the Great Plains who were wiped out by drought and dust storms and sought a new life in California. Many encountered exploitation and abject poverty.

Researchers have traced the use of Okie back to the days when Oklahoma was still a territory. The word was just descriptive then. But something happened.

In John Steinbeck's "The Grapes of Wrath," Tom Joad heard the bad news from a stranger who had preceded him to California: "Okie use' to mean you was from Oklahoma. Now it means . . . you're scum."

But as times got better the word started losing its edge, as words do, to the point that in 1968, Dewey Bartlett, then governor of Oklahoma, now a U.S. Senator, tried to turn it into a massive promotional stunt. It became OKIE, meaning "Oklahoma, Key to Industrial Expansion." There were badges and honorary OKIE certificates. In fact, an OKIE pin and flag were placed in the ascent stage device of Apollo 10, courtesy of astronaut Thomas Stafford of Weatherford, Okla., and presumably they are still in orbit around the sun.

There was a backlash to all this OKIE-ism and in 1971 the Oklahoma Legislature adopted a resolution designating "Oklahomans" as the official name of citizens of Oklahoma ("Oklahomans is a beautiful, musical sound . . .")

But even though the boosterish use of Okie wore thin back in Oklahoma, the sting continued to go out of it.

At a picnic in Fresno for former residents of Sequoyah County, a young woman redefined it for Bee columnist Woody Laughnan, An Okie, she said, is "somebody who is kind of countryish and likes country-Western music."

In "Okie from Muskogee," the singer-composer Merle Haggard half-seriously used Okie as a synonym for someone who was put off by draft protests and other aspects of the social revolution ("We like livin' right and livin' free").

You can pick your own meaning. The point is, even though some people still wince at the memories it evokes, Okie has lost the dehumanizing charge it carried a generation ago. A sign of progress, maybe.

OCCUPATIONAL LEAD POISONING

Mr. WILLIAMS. Mr. President, lead poisoning is a terrible malady. Like a time bomb ticking away, the lead lies dormant in the body, building up year after year to eventually cause serious debilitating illness.

Beginning in the early 1800's there has been increasing recognition of hazards to health associated with lead. It was found that lead could be absorbed by inhalation or ingestion, and that lead absorption was responsible for loss of movement in printers fingers exposed to heated lead type and for "dry grippes" in pottery and glass workers.

The prevalence of lead poisoning in ancient times is speculated upon, and it has been suggested that Rome fell because of the prevalence of lead poisoning—plumbism—in its citizens. It seems likely that, with the ignorance that ex-

isted with regard to the hazards of lead and on methods of limiting exposure, there was a significant incidence of plumbism until its recognition in recent times generated preventative procedures.

A description of effects of lead absorption can be graphic when based on effects seen in industries earlier in this century. Thus, one can describe effects of lead poisoning, from studies of many years ago, such as loss of appetite, metallic taste in the mouth, constipation and obstipation, anemia, pallor, weakness, insomnia, headache, nervous irritability, muscle and joint pains, fine tremors, encephalopathy, and colic.

In 1973, NIOSH released a criteria document which made recommendation for an inorganic lead standard in the work place. The NIOSH standard recommendation was designed to protect the health and safety of workers for an 8-hour day, 40-hour week over a working lifetime. Sufficient technology now exists to permit compliance with the recommended NIOSH standard.

It is now 1975, 2 years after the NIOSH criteria document was released and OSHA still has not proposed a comprehensive health standard to prevent lead poisoning in the workplace.

To illustrate my point, I ask unanimous consent that the following two articles be printed in the RECORD on lead poisoning: The first article, from January 1975, issue of Steel Labor, deals with lead exposure at a lead smelting operation in Granite City, Ill., the other story, from the December 6, 1974, edition of the Evening Times of Trenton, N.J., deals with lead poisoning at a battery factory in Trenton.

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

LEAD POISONING—A JOB DISEASE AT NL INDUSTRIES

NL Industries has eliminated the word "lead" from its former corporate name of National Lead Industries, but it has done little to eliminate the exposure to lead of Local 6496 Steelworkers employed at the company's Hoyt Plant lead smelting operation in Granite City, Ill.

The plant—located just a few blocks away from the city's downtown business district—has buildings more than 60 years old and some 200 workers producing lead shot, rolled sheet lead, solder wire and lead pipe. They trudge daily through the plant, where lead dust clings to their boots and blackens their faces. The plates in auto batteries are the main source of the lead, and the huge tonnage melted down by NL Industries each year has made it one of the country's largest secondary lead producers.

For the past five years, District 34 Director Lloyd McBride, Staff Rep. George Becker and the local union have been attempting to force the company to take action directed at reducing the high lead concentrations existing in the air and around the work areas of the plant. Their efforts have been hampered by a lack of government safety standards on lead exposure and the company's own casual attitude toward its employes' health.

Last November the union won its first victory, when a team of federal health experts filed a 27-page report that found one-third of workers given a series of medical tests were above the level "which some effects of lead poisoning may be anticipated." Complete with technical evaluations and tables, the report said: "Based on this evidence and upon environmental observations and measurements, it is concluded that toxic exposures to lead are occurring within the facility studied."

The federal investigators who released the report were with the National Institute for Occupational Safety & Health (NIOSH), an agency within the HEW Dept. which acts as a research arm on safety standards for OSHA.

Although the report is only "advisory" and cannot be enforced, it carries more weight than some agencies with greater authority. According to Becker—who is also safety coordinator for District 34—NL industries claimed it would immediately begin adopting the NIOSH recommendations to reduce lead exposure of its workers.

At first, Becker requested NIOSH to evaluate lead contamination of the Hoyt Plant workers—which the agency refused—so he asked NIOSH to investigate the company's 20-year practice of handing out a drug known as "versenate" to its employes. The drug is in pill form and is supposed to act on lead in the blood, causing it to pass out of the body, but Becker doubted its long term use was safe.

Arguing that versenate was a "cheap out" used by the company to avoid more costly re-engineering of the smelter, Becker found some union members who had been taking two pills three times a day, seven days a week for anywhere up to 19 years. There were versenate users without a prescription and one who was reported taking a whole bottle (250 tablets) every two weeks for years. A survey by the local showed more than 100 were using the drug.

When NIOSH examiners arrived at the smelter last March, they were so disturbed by the poor work practices and lead dust in the plant, that they proceeded to do a complete investigation of both the drug's effect and the degree of lead contamination.

Air samples taken by NIOSH revealed lead levels in "the majority of areas sampled were found to contain excessive atmospheric lead concentrations." The one federal air standard for lead (2 milligrams per cubic meter) was even exceeded inside the respirators worn by several workers in the plant.

The report found insufficient evidence to declare versenate a dangerous drug in its use at the plant, but NIOSH did say the drug did little to reduce high lead levels found in blood samples.

In a meeting last month with the officers of Local 6496, Director McBride declared his full support of the report, saying, "Any course of action we follow that doesn't seek to enforce this advisory ruling would be irresponsible." He added that "Already too many workers at the Hoyt Plant have suffered damage to their health." He recalled numerous cases of lead poisoning in the company's records, severe enough to have required emergency hospital treatment with blood transfusions—and more probably went unreported.

Over the past few years, Becker said the company has forced several employes on early retirement, claiming they had a bad heart or some similar health problem, when the cause for the bad health was lead poisoning. Until recently, the company has kept limited records on its employes, causing difficulty collecting workers' compensation benefits. Becker says of three cases where Local 6496 members were forced to retire, the union has only been able to win a state compensation benefit for one of them after a three-year court fight.

Emphasizing "prevention" of lead exposure as the issue, rather than "evidence" of lead poisoning, Becker says the union has been successful in improving safety provisions in the contract. The contract requires a blood lead test for employes every six months, coveralls, safety boots, glasses and other items like respirators.

Local 6496 President Steve Lelik has become an outspoken critic himself of the company's safety program. As an example, he cites an air pack unit (it has a hood and independent air supply) which has remained damaged and out of use for the past nine months, despite his demands to get it repaired. He sums up the company's attitude toward the problem by noting a foreman's recent comment to him: "You're not leaded until your teeth fall out."

Lelik admits that his fellow employes don't fully recognize the danger of lead exposure, but he is hopeful that the NIOSH decision posted in the plant and the company's promise of following the recommendations will change all of that.

ON BEING LEADED—

Lead has been reported as a hazardous substance in medical journals for hundreds of years, but the effects of short or long-term exposure are sometimes difficult to recognize. Like with certain other toxic metals, once it enters the body, it builds up faster than the body can eliminate it.

Lead poisoning can damage the blood, heart, brain, nerves, kidney and liver. At first a victim may only feel tired, irritable and have a poor appetite. It may progress, as lead build up continues, to cause headaches, double vision and sleepless nights.

At times, a victim can be seriously poisoned for 10 years and more before having an acute attack so intense that it is often mistakenly diagnosed as appendicities.

If the accumulation of lead is allowed to go its course, the victim gets a blue "lead line" along the gums that becomes extremely painful and usually results in the teeth falling out.

THE NIOSH REPORT

A number of recommendations were made by the NIOSH invesigators to establish a program that would effectively reduce the dangerous exposure levels of lead at NL industries. The report stated that engineering methods should be used to reduce airborne lead concentrations to the federal standard of 0.2 mg/m3.

"Respiratory protection should not be accepted as a satisfactory method for reducing exposure to lead on a permanent basis," NIOSH declared, adding that "medical therapy" like the distribution of versenate "is not an acceptable form of control."

The report also offered among other recommendations:

After one-year of employment, workers should be given a blood test every six months. If blood levels exceeding 0.080 milligrams per 100 grams of blood are found, then the worker should be immediately transferred to plant areas of minimal exposure and referred to a physician.

Smoking, drinking and eating should be permitted only in areas in which hand washing facilities exist to minimize ingestion of lead particles.

FUMES SEEN POISONOUS—NADER STUDY REPORTS GOULD PLANT DANGERS

(By Emily Van Ness)

Workers are being poisoned by lead fumes and dust at the Gould battery plant on Calhoun Street in Trenton because of the company's failure to provide adequate safety devices, according to findings of a health study group of Ralph Nader's.

In a report to the Gould union, Local 108 of the United Electrical, Radio and Machine Workers of America, the consumer advocate group stated that approximately one-fifth of the 210 workers studied at the plant have been lead poisoned in the last two years.

The local went on strike three weeks ago over the critical issue of lead poisoning.

This is the second time the Gould plant in Trenton has been attacked by Nader for lead poisoning health hazards. The first study two years ago was made after the union went to Nader for help in evaluating lead poisoning problems at the plant.

COMPANY DOUBTS

John F. Smith, vice-president and general manager of the Trenton Gould division, said yesterday that the company "questioned Nader's conclusions."

"What Nader calls 'lead poisoning' other members of the medical community using the same statistics would call lead absorption or lead intoxication, which are less serious," said Smith.

He said the company is "doing everything possible" to protect the safety of its workers, but admitted that in "certain areas" of the plant lead air levels exceeded state and federal limits.

According to him, the company has spent more than $200,000 in the last two years to improve the ventilating system at the Trenton plant and intends to "spend more."

Specialists in inorganic lead air pollution at the National Institute for Occupational Safety and Health, a branch of the U.S. Department of Health, Education, and Welfare, say that sufficient technology exists to keep workers in industrial lead plants from being lead poisoned.

ORDER ON WAY

The Trenton division is one of 19 divisions throughout the country owned by Gould, Inc., headquartered in Chicago. The company's sales last year totaled $739.7 million.

An order of compliance demanding that the company cleanup eleven areas of the plant where air lead levels are in violation of state and federal standards is being issued, officials at the Bureau of Engineering and Safety in the N.J. Department of Labor and Industry said yesterday. They would not disclose how much in excess of the law air lead levels at Gould were.

In some areas of the plant, according to the Nader report, air breathed by workers contained more than 2,000 micrograms of lead per cubic meter—10 times higher than the federal standard.

Last February, Gould was cited for lead dust and fumes violations in five areas of the plant by the Bureau of Engineering and Safety, which is responsible for overseeing worker safety in 30,000 factories throughout the state.

Violations were subsequently corrected in only two areas.

LONG A PROBLEM

James L. Conlon, chief of the Bureau of Engineering and Safety, said recently that the Gould plant has been "a long-standing problem."

But further action against the company has not been taken up until now, he said, because it "appeared that they were trying to correct their problems."

In its first study two years ago, the Public Citizen's Health Research Group, said yesterington, D.C., formed by Ralph Nader, found that residents living near the plant, in addition to workers in the plant, were in danger of lead contamination.

In a subsequent investigation the Bureau of Air Pollution Control in the N.J. Department of Environmental Control, which is concerned primarily with pollution effects on the community, found no pollution dangers for people living in the vicinity of the plant and gave Gould an "all clear" on its pollution control procedures.

Dr. Sidney Wolfe, director of the Public Citizen's Health Research Group in Washday that while dangers to people living in the vicinity of the plant "have probably abated", the seriousness of lead poisoning at Gould has "If anything, worsened rather than improved."

39 MEN LEFT

Thirty-nine men have been forced off the job in the past two years because of the amount of lead in their blood.

Lead poisoning is a disease caused by the absorption and build-up of lead in the body. Small amounts of lead are a normal part of the body's make-up, according to doctors.

But excessive accumulation can lead to permanent brain damage and mental retardation, as well as cause severe gastrointestinal, liver, kidney, blood, and central nervous system disability and sometimes death.

There have been no deaths at Gould attributed to lead poisoning, nor any reported cases of brain damage or mental retardation.

Dr. Charles Fisburn, of Milwaukee, medical consultant on industrial lead problems, was unavailable for comment on the Nader report.

Wolfe said yesterday that there was no way of knowing the possible extent of brain damage or mental retardation among workers because no tests for that have been conducted.

He expressed concern that the families of workers might be in danger of lead contamination from lead dust carried home on workers' clothes and bodies. There have been no reports of lead poisoning among members of workers' families to date.

CAUSES ANEMIA

The single most serious result of excessive lead absorption by the body is the interference with the production of "heme", a constitutent of the red blood corpuscles. This results in anemia, according to the National Institute for Occupational Safety and Health.

The Nader group used anemia as the criteria for lead poisoning in its report.

Of the 210 workers whose records were examined, 39, of 18.6 percent, have had lead poisoning during the past two years, according to the latest report. This is almost double the number found two years ago when Nader first studied the medical records of workers in the plant.

The Nader group's findings are based on the monitoring of periodic blood tests made by the Company on workers to determine the amount of lead in their blood and periodic air lead level readings.

Employees in "high lead areas"—those where the lead in the air exceeds 200 milligrams per cubic meter of air—are given blood tests every three months by the company. The others are tested every two months.

Two years ago, the Nader group concluded that the urine test used by the company to detect lead poisoning was "worthless" and the Company did away with it.

The Company's use of 60 micrograms of lead per 100 grams of whole blood as the "danger sign" of possible lead contamination in workers is "unsafe", said Dr. Wolfe.

SIGNIFICANT AMOUNT

According to the Nader group's findings there has been a "significant" amount of lead poisoning occurring among workers with blood lead levels between 40 and 60 micrograms.

The company was further rapped for treating workers "after" they have contracted lead poisoning and prescribing respirators and personal hygiene measures instead of cleaning up the air and removing the workers.

Wolfe said he was recently offered a tour of the plant by the management on the condition that he not talk to the press. He declined.

"Battery making is a highly profitable business. I'm convinced they could correct the problem if they wanted to hire good engineers and spend the money. But they don't. They consider the workers second-class citizens. They're even thinking of moving their offices further away from the plant," said the health study group director.

The chief of the state Bureau of Engineering and Safety agreed that respirators and strict employe hygiene should be only "temporary solutions". He said that Gould will be given 30 days from the date the order is served to correct violations or show plans for correcting violations. If it fails to do this, a law suit could result, Conlon said.

The state prosecutes about 100 companies a year for worker safety violations.

MAINE LEGISLATURE SUPPORTS REVENUE SHARING REENACTMENT

Mr. MUSKIE. Mr. President, the Maine Legislature recently adopted a joint resolution urging Congress to support reenactment of the general revenue sharing program.

In this resolution, the legislature noted that since 1972, Maine governments—some 500 in all—have received $124 million of vitally needed fiscal assistance through revenue sharing. It went on to note the increasing burdens which inflation has placed on Maine taxpayers and on Maine communities caught in the squeeze between escalating prices and rising demands for governmental services.

Mr. President, I want to assure the people of my State of my continued support of general revenue sharing. Last week, in a speech before a Conference on Federalism sponsored by the Advisory Commission on Intergovernmental Relations, I reaffirmed that support. At the same time I outlined my conviction that we must seek to resolve some of the very real problems that presently exist in the program, particularly with respect to current formulas, incentives for State and local tax reform, and civil rights enforcement.

I ask unanimous consent that the text of my speech, as well as a copy of the joint resolution of the Maine State Legislature, be printed in the RECORD.

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

Joint resolution memorializing the Congress of the United States to support the reenactment of the General Revenue Sharing program

We, your Memorialists, the Senate and House of Representatives of the State of Maine in the One Hundred and Seventh Legislative Session assembled, most respectfully present and petition your Honorable Body, as follows:

Whereas, the State of Maine, her 16 counties and her 496 municipalities have received $124,000,000 of vitally needed fiscal assistance through the allocation of federal dollars under the General Revenue Sharing Program; and

Whereas, these Revenue Sharing dollars are received directly from the Federal Government by the State, the counties and the municipalities with a minimum of federal paperwork, enabling the citizens to use the funds to meet their self-determined priorities; and

Whereas, the citizens of Maine view state, county and local officials as being accountable for the expenditure of Revenue Sharing funds, and citizens as having ultimate control of their priorities through the governmental processes; and

Whereas, the taxpayers of Maine are being severely affected by the spiraling and unprecedented rate of inflation in costs of

government as well as in their private lives; and

Whereas, the current inflationary rate is undermining the ability of government to provide essential services to their citizens within reasonable levels of taxation; and

Whereas, the General Revenue Sharing Program, which began in 1972, will terminate in 1976 unless the 94th Congress authorizes an extension of the State and Local Fiscal Assistance Act of 1972; and

Whereas, the 107th Maine Legislature endorses the continuation of the General Revenue Sharing Program in order to insure that vitally needed federal assistance will be provided to Maine; now, therefore, be it

Resolved: That we, your Memorialists, respectfully request and urge that each Member of the United States Congress from the State of Maine publicly state his support for the reenactment of the General Revenue Sharing Program in order that citizens of Maine may be informed of their commitment to continuing their flow of resources back to the People of the State of Maine; and be it further

Resolved: That a copy of this Resolution, duly authenticated by the Secretary of State, be forthwith forwarded to each Member of the United States Congress from the State of Maine.

REMARKS OF SENATOR EDMUND S. MUSKIE

I am glad to have an opportunity to speak to you today on a subject of such great interest to all of us.

I want to begin by saying that I continue to be a firm supporter of revenue sharing.

Having made that clear, I want to say also that revenue sharing—as we now know it—faces rough sledding in Congress. The title of my remarks uses the word "renewal" as if re-enactment were a foregone conclusion. That may be so, but it will be neither automatic nor easy.

I do not mean to play the role of the alarmist here this afternoon. Nevertheless, I think that candor is in order. For if we are going to insure the continuation of revenue sharing in anything resembling its present form, we cannot afford to overlook or underestimate the opposition that has mounted against it.

Revenue sharing has been an important shot in the arm for our federal system.

But there have been problems, and those problems have generated opposition that we must deal with to re-enact the program.

That opposition is remarkably similar to the arguments raised against revenue sharing back in 1971 and '72. Fiscal conservatives then opposed revenue sharing because it separated the easy task of spending money from the difficult one of raising it. Liberals opposed the idea because they wanted Federal money to be spent on specific social programs. Neither group trusted State and local officials to spend the money responsibly.

But today there are new arguments that may be raised.

Those who opposed the unfettered giveaway of federal money three years ago now have an enormous federal deficit to worry about. It is not inconceivable that they could select revenue sharing as one area ripe for budget-cutting.

Those who three years ago wanted revenue sharing funds tied to specific social programs have since seen revenue sharing used to justify drastic cutbacks in the very programs they supported. And they have seen revenue sharing funds going to some communities with little need, and into projects with little social impact.

In the middle, there are many in Congress who are simply indifferent to the fate of revenue sharing. It is not an issue that generally stirs passions in its support.

To be sure, the constituents of revenue sharing will be able to rally considerable support for their cause. Working to their benefit will be the current disarray of the economy, which has many state and local governments in their worst fiscal shape since the depression, with promises of harder times to come.

That these conflicts will be resolved, through renewal of revenue sharing, may not be in doubt. The form that resolution will take is a different matter.

Those critics who feel revenue sharing is a retreat from national social goals may want to attach more strings to the money, or require an application process to insure that only worthy projects are funded.

Those critics who feel that revenue sharing is too expensive and that the money is just being thrown away may want to subject revenue sharing to the annual appropriations process, or limit the life of the program to one or two years only.

We who support a continuation of revenue sharing—in more or less its present form—must be prepared to meet these efforts, by focusing on constructive alternatives. And it is not too soon to begin that process now.

First and foremost, we must redefine what revenue sharing actually is, and what it was intended to accomplish.

During the first years of operation the program has, unfortunately, acquired a mistaken identity.

To many, it has come to mean a retreat from social progress, even though it was never intended to replace ongoing social programs.

For many others revenue sharing was a victim of the expansive rhetoric of the New Federalism—a "new American revolution" which promised to reverse overnight the imbalance of generations of increasingly centralized government.

When measured against such a promise, it is small wonder that revenue sharing comes up short.

If there is one thing we all should have learned from our experiences of the 1960's, it is that programs which over-promise will invariably leave hopes unrealized, and confidence undermined.

As we begin anew the debate on revenue sharing we must not allow that to happen again. We must re-define revenue sharing in terms of its original purposes which were, in fact, quite limited.

First, to relieve the fiscal problems of hard-pressed local governments with inadequate or inflexible tax bases.

Second, to reduce the regressive burden of State and local taxes by substituting revenues from progressive federal income taxes.

And *third,* to give people at the State and local levels the resources and the flexibility to develop solutions suited to their unique problems.

Returning to these relatively modest—but extremely meaningful—goals is necessary as the Congress considers re-enactment.

The proper role for revenue sharing is, and always has been, that of a complement—not a substitute—for a balanced mix of general revenue sharing, block grants, and categorical programs.

When measured by this more limited test, we find that the success column for revenue sharing is longer than the critics would have us believe.

In most cases, revenue sharing monies have gone into worthwhile programs. Hot lunches for the elderly, improved police protection and health care, and new sewage treatment facilities are just some of the successes.

In many other instances, State and local taxes have been held down because of revenue sharing. And I might add that in many of our urban areas holding down property taxes is a worthy social objective.

The plain fact is that—matching the record with the original goals—revenue sharing is a demonstrated step forward. And once the bugs have been ironed out, its potential is even greater.

Which brings us to the next round of difficult questions. Once we have agreed upon our objectives, we have to make some tough choices about how we want to achieve them. Some of these choices are necessary because of flaws in the program that have become evident since 1972. Others are choices that should have been made before revenue sharing was ever enacted, but which were avoided in the spirit of compromise deemed necessary to get any program at all.

Perhaps the most difficult question of all is *if* it makes sense—or *if* we can afford—to give something to everybody under revenue sharing, whether they need it or not. That is what we did in 1972, in order to get a bill. As a result, we gave revenue sharing critics some of their best ammunition.

I personally do not think it does make sense—and I do not think we can afford—to give revenue sharing money to certain units of government simply because they exist, but serve no substantial governmental function. I don't think it makes sense—nor do I think we can afford—to give money to affluent communities with no demonstrated need for assistance, while big cities with big problems have arbitrary limits imposed on the amount they can receive.

The old formula gave us a consensus, which was needed at the time. But in the process, we lost sight of our purpose.

So our first tough choice this time around must be to rewrite the revenue sharing formula to insure that greater emphasis is placed on need.

We need to raise or eliminate the ceiling that holds down payments to cities, relative to other communities in the same State. We must find a better way to judge the amount all governments should receive, and adjust the formula where it deprives cities of needed funds because they are located in relatively affluent States.

At the same time, we need to revise the 20% floor where it benefits wealthy communities or governments with very limited functions.

A second difficult question that faces us in renewing revenue sharing is the matter of incentives for tax reform at the State and local levels.

During the original debate on revenue sharing, a number of members of Congress—including myself—wanted to explore the possibility of using revenue sharing assistance as an incentive to State and local governments to move toward more progressive tax structures.

In the search for a consensus on a revenue sharing bill, that idea was abandoned. This time around, we should consider reopening that question.

To be sure, tying tax reform to revenue sharing is going to be unpopular with a good many people. But we must consider the argument of critics that revenue sharing has actually shored up regressive State and local tax systems. For every time a local government has been able to cut property taxes because of revenue-sharing funds—as necessary as that may be in some instances the pressure for reform is weakened.

A third major focus of the revenue sharing debate must be on improved civil rights enforcement. The problem here is not one that we avoided during the original debate, but one which has reared its head since that time. The U.S. Civil Rights Commission has just released a blistering report confirming the poor enforcement of the civil rights provisions of the Act.

In our upcoming efforts to enact a renewal of revenue sharing, we must make it very clear that simply because these funds are

free, they are not a blank check to discriminate. We must also assure that the Office of Revenue Sharing has the staff to enforce the law.

And we must assure for local citizens the opportunity to participate more fully in decisions about how revenue sharing money will be used.

These three major areas of change that I have outlined will not please everyone. If all were adopted, there would be some disappointed governments who would receive less than under the present formula. Some might, in fact, receive nothing at all.

But we must recognize that a large part of our present problem is that in 1972 we *did* try to please everyone, with consequences we may not want to repeat.

Today, in 1975, there is a growing realization that the size of the federal pie is limited—and that we simply may not be able to afford spending money where it is not needed. Nor may we be able to continue propping up State and local tax structures which do not make the most efficient and fair use of the tax base throughout the nation.

I said at the outset of my remarks that we supporters of revenue sharing must focus our efforts carefully. This means sticking to limited objectives, and not promising more than the program can produce.

It also means ensuring that we get the most for our money, by fully considering the tough choices I have described.

The health and vitality of our federal system demands the continuing attention of us all. Revenue sharing is only a part of that effort, but one well worth fighting for.

THE FUTURE HOMEMAKERS OF AMERICA

Mr. HUDDLESTON. Mr. President, recently, the Future Homemakers of America celebrated National FHA-HERO Week with the theme of "Vocational Education for Productive Careers." I would like to call special attention to this group, its activities and worthwhile contributions to the development of our Nation's youth.

Founded June 11, 1945, the Future Homemakers of America has a national membership of half-a-million young men and women in 12,000 chapters located in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and American schools overseas. Any student who is taking or has taken a course in home economics or related occupations is eligible for membership.

There are two divisions to the organization—FHA and HERO. FHA places major emphasis on consumer education, homemaking and family life education combined with exploration of jobs and careers, while HERO—Home Economics Related Occupations—places major emphasis on preparation for jobs and careers with recognition that workers also fill multiple roles as homemakers and community leaders.

FHA is an integral part of the home economics program that operates through the school system.

Through its objectives of helping young people assume their roles in society through home economics education, family vocational preparation and community involvement, FHA emphasizes personal growth and the individual's desire to work for change rather than recognition, aware or status.

FHA is sponsored by the U.S. Office of Education and the American Home Economics Association and provides opportunities at the national, State and local levels for student initiative and directive in planning and carrying out individual and chapter projects.

I commend this group, its objectives and programs, and salute the members and staff for their outstanding contributions to the youth of America.

FEDERAL RESERVE ANALYSIS OF JOINT ECONOMIC COMMITTEE ECONOMIC PROGRAM ALTERNATIVE

Mr. HUMPHREY. Mr. President, today I am releasing a letter prepared by Dr. Arthur Burns, Chairman of the Board of Governors, Federal Reserve System, containing his evaluation of an alternative to the President's economic program.

In his letter, Dr. Burns estimates that the alternative program I have suggested could bring the Federal deficit for fiscal 1976 to nearly $100 billion—$20 billion more than his estimated $80 billion deficit under the President's program.

I strongly disagree with Dr. Burns' calculations.

The calculation of a $100 billion deficit is based on several unrealistic assumptions.

First, he assumes that the $17 billion outlay savings requested in the fiscal 1976 budget will not receive congressional approval. Undoubtedly some of these reductions will not be approved, but others will be, thus the net increase will be much smaller than $17 billion.

Dr. Burns further assumes that all spending requested by the President for such things as national defense, foreign aid, and energy compensation payments will be made—this is also unrealistic.

If Congress does not adopt the President's energy program, if it reduces Federal spending for defense, and if it cuts the request for foreign assistance, all of which are likely and necessary, the deficit will be correspondingly reduced.

While it is probable that the deficit in fiscal 1976 will be higher than the $52 billion figure in the budget document, Dr. Burns' $80 billion estimate for the administration program or $100 billion estimate for the alternatives I suggest is certainly an exaggeration.

One of the most significant comments made in Dr. Burns' letter is that he does not regard a 9-percent target rate of growth to be an unreasonable objective. He goes on to say that this cannot be achieved by spending or increasing the money supply, but it must be achieved by rebuilding public confidence.

I would suggest that the Federal Reserve's monetary policies—erratic, shrouded in secrecy and unpredictable—have contributed significantly to the lack of public confidence in the Federal Government's ability to manage the economy. Dr. Burns' letter itself provides an excellent example of this. The only reference to what monetary policy should be is contained on page 5 where he says:

> Of course monetary policy should provide for an adequate and reasonable expansion in the Nation's supply of money and credit, so that those who wish to borrow and are credit worthy can finance their needs on reasonably liberal terms.

No one can disagree with this eminently reasonable statement. The area of disagreement would come in defining the words "adequate and reasonable expansion in the Nation's supply of money and credit." We have yet to be told what Dr. Burns regards as adequate and reasonable in the current economic environment.

In commenting on the effect of increasing the rate of growth of the money supply on inflation, Dr. Burns is careful to note that "a prescription for rapid monetary growth, however defined, will in the end prove highly inflationary." I quite agree with Dr. Burns that over an extended period of time rapid rates of growth in the money supply would prove inflationary.

However, for the shortrun, virtually all witnesses testifying before the Joint Economic Committee have agreed that the money supply needs to grow at least as rapidly as the economy. This means that if we are going to reach that 9 percent growth rate which Dr. Burns regards as reasonable, we must have at least a 9 percent increase in the supply of money for the short term. I might note that in an evaluation of these same proposals, which I released earlier this week, Chairman Alan Greenspan of the Council of Economic Advisers states:

> We believe that price behavior will not be modified immediately by either monetary or fiscal stimuli, if resources are substantially underemployed.

I suggest that in our current environment, with the unemployment rate at 8.2 percent and rising, resources are substantially underemployed and will probably remain substantially underemployed for the foreseeable future.

The alternative program which Dr. Burns analyzed was made up of the following policy changes: First, a $10 billion rebate on 1974 tax liabilities; second, a permanent reduction in personal income tax of $20 billion; third, an increase in the investment credit to 10 percent; fourth, a public service jobs program large enough to employ a million people; fifth, an increase in the money supply of about 10 percent.

These proposals do not represent the final recommendations of the Joint Economic Committee. We are continuing our evaluation of economic alternatives and the committee's final recommendations will be contained in its annual report to Congress, scheduled to be issued in March.

I thank Dr. Burns for his prompt response to my request for an evaluation of these alternative proposals.

Mr. President, I ask unanimous consent that Dr. Burns' letters be printed in the RECORD.

There being no objection, the letter

was ordered to be printed in the RECORD, as follows:

FEDERAL RESERVE SYSTEM,
Washington, D.C., February 21, 1975.

Hon. HUBERT H. HUMPHREY,
Chairman, Joint Economic Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am glad to have this opportunity to respond to your letter of February 11, asking for my evaluation of public policy alternatives designed to promote a prompt and vigorous economic recovery. We at the Federal Reserve fully recognize the human misery and heavy economic loss that has been caused by the current economic recession, and we—as much as you and your colleagues in the Congress—want to be sure that every responsible action to help restore our nation's prosperity is fully considered, and adopted.

I am doubtful, however, that even larger Federal deficits will have the hoped-for results. The size of the deficit that could eventuate, even from the Administration's program, is not widely understood. Leaving aside the measures embodied in the President's energy program, the Administration's proposals call for temporary tax reductions amounting to $16.3 billion, as you know. But in addition, the substantial increases in Federal expenditures called for in the budget document still contemplate savings in outlays aggregating $17 billion in fiscal 1976. Nearly all of these savings require Congressional assent, which may well not be forthcoming. Moreover, the unified budget expenditure totals do not include off-budget outlays, which are expected to expand to over $10 billion in both this and the 1976 fiscal year. Finally, we need to keep in mind the larger tax reductions that appear to be taking shape in the Congress.

Making allowance for these understatements in the budget, and still overlooking the outlays of government-sponsored corporations, it appears to me that the true budget deficit (given the Administration's economic assumptions) will be substantially higher than the official figure for fiscal 1975 and that it would exceed $80 billion in fiscal 1976, rather than the $52 billion figure of the budget document. You now propose tax relief of an amount that even exceeds the figure that has emerged from the House Ways and Means Committee, besides an additional $8 billion in expenditures primarily to finance expanded public service employment. These proposals may bring the deficit for fiscal 1976 to nearly $100 billion, after allowing for the revenue-producing effects of the additional income created and for reduced outlays on account of unemployment compensation.

A budget deficit of this size, taken by itself, would surely add to private sector income. But often overlooked is the effect that the financing of such a deficit would be likely to have on our capital markets. Once economic recovery has set in, and perhaps sooner in view of the anticipatory concerns of market participants, the combination of swollen Federal credit demands and expanding private credit requirements would put an overall debt-raising burden of extraordinary proportions on our financial system. The result could well be sharply higher interest rates and tight credit conditions that would tend to choke off private credit demands and the increases in spending that such credit would have financed.

This problem is apparently anticipated in the package of policy alternatives that you propose, since it includes the stipulation that the rate of growth in the narrow money supply (M_1) be increased to about 10 per cent. As I have often stated, I firmly believe that a prescription for rapid monetary growth, however defined, will in the end prove highly inflationary and defeat the objective of lower interest rates that it seeks to achieve.

A 10 per cent growth in the narrowly defined money stock is well beyond the rates of expansion we have before seen for any extended period. The increased supply of money and credit associated with it might for a time hold down short-term interest rates. But the inflationary fears of long-term investors would be aggravated by this explosion in the money supply, and they would demand higher interest rates in an effort to protect the future purchasing power of their capital. Higher long-term interest rates, in turn, would tend to choke off any recovery in housing, exacerbate the financial problems of our State and local governments, and deter many business firms from going ahead with their capital spending plans. Moreover, once the swollen money supply did in fact begin to generate a higher rate of inflation, even short-term interest rates would rise—perhaps to levels far higher than would otherwise have prevailed. The notion that a large Federal deficit should or could be readily financed, if only we would create enough new money to finance it, is dangerously naive. This is the road to ruin.

Turning next to your third question, I find it very difficult to say what maximum rate of economic growth represents a realistic expectation over the next two years. We are currently experiencing a serious decline in economic activity. Once such a movement is underway, it is practically impossible to know how deep or how prolonged it may prove to be. I can say, however, that my long experience in business cycle analysis has taught me not to underestimate the strength of a cyclical recovery.

Once the base for recovery has been laid—that is, as excess inventories are liquidated, more efficient business practices introduced, financial liquidity restored, and other imbalances that had developed in the course of the preceding boom eliminated—the subsequent recovery has usually been much faster than seemed possible at the time. I would not be surprised to see a robust recovery in economic activity, once it begins later on this year, as I am inclined to think it will. Given the economic adjustments that are now taking place, an increase in real GNP averaging 8–10 per cent in the first year or perhaps year and a half of recovery would not be extraordinary.

This brings me, finally, to your second question as to the public policies that might foster real growth at a 9 per cent rate from the fourth quarter of 1975 on through 1976. I do not think that this is an unreasonable objective. The human and other resources to support such a rate of growth should be readily available, with the possible exception of energy. To bring about that growth, however, a strengthening in public confidence will be required—on the part of the nation's families, businesses and investors alike. Massive Federal deficit spending and an explosive expansion in money and credit will not contribute to this objective, and it could well destroy the emerging base on which a resurgence of public confidence can be built.

The recent advances in the stock market are an encouraging development. In part, higher stock prices reflect the easing in credit market tension and the declining trend of interest rates. More importantly, however, I believe that the improvements in the stock market and long-term credit markets are telling us that progress is being made in dampening what have been widespread and strongly held fears that inflation will intensify in our country over the years ahead. We have made real progress in combating our inflationary problem in recent months. And as the new sense of movement towards price stability spreads to businessmen and the consuming public, new confidence can be generated in the future and expanded spending plans can be set in place.

Government policy has an important role to play in this process. Of course, fiscal action is desirable and necessary in order to deal with the recession. Those who lose their jobs must be assisted by unemployment compensation, by public relief when necessary, and by opportunities for productive temporary employment in public service jobs; those whose real incomes have suffered from the inflation, even though they are employed, are entitled to reasonable tax relief. Of course, monetary policy should provide for an adequate and reasonable expansion in the nation's supply of money and credit, so that those who wish to borrow and are creditworthy can finance their needs on reasonably liberal terms. And the enduring need of policy is to do everything within the capacity of government, to encourage improvements in productivity and to establish conditions under which prices and wage rates are set in more competitive markets. Meaningful progress in this direction would go far to set us again on the path of lasting, noninflationary prosperity.

Sincerely yours,

ARTHUR F. BURNS.

OCEAN FLOOR MINING

Mr. METCALF. Mr. President, almost 2 years ago the Acting Legal Adviser to the Department of State wrote Chairman JACKSON of the Senate Committee on Interior and Insular Affairs:

> Prudence dictates that we also begin at once to formulate a legislative approach . . .

The letter of March 1, 1973, was signed by Mr. Charles N. Brower, who at that time was also Acting Chairman of the Inter-Agency Task Force on the Law of the Sea.

Yesterday, Secretary of the Interior Rogers C. B. Morton created an Ocean Mining Administration to promote and encourage ocean mineral resource recovery from the seabed and subsoil beyond the limits of national jurisdiction.

In the words of the press release:

> Secretary Morton underscored the importance of ocean mining to our future raw materials needs. "By 1990 the United States can become a net exporter of nickel, copper and cobalt, if we ensure a healthy, stable investment climate for ocean mining now. This would reduce our present high level of dependence on other countries for several of these metals."
>
> The Secretary said that he has "every hope that in 1975, a critical year for the ocean miner, the Third United Nations Conference on the Law of the Sea will be concluded successfully."
>
> "The Administration, however, mindful of its responsibilities to reduce wherever possible our nation's vulnerability to interruptible or high cost sources of raw materials, will have to be prepared to act through a domestic program to secure our access to ocean minerals. We must create an investment climate which will promote the development of this new minerals frontier while at the same time protecting the ocean environment," Secretary Morton said.

Today's Wall Street Journal included an article headlined: "Mining of Ocean Floor by U.S. Concerns In 1976 Is Proposed if UN Stalls on Pact."

I congratulate that part of the executive branch of our Government which understands our increasing dependency

on third-world nations for minerals basic to our economy and the difficulty—if not impossibility—of achieving international agreement. I ask unanimous consent that the press release, the covering letter by Mr. Jack W. Carlson, Assistant Secretary of the Interior, and the Wall Street Journal article be printed in the RECORD.

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

U.S. DEPARTMENT OF THE INTERIOR
Washington, D.C., February 24, 1975.

Hon. LEE METCALF,
Chairman, Subcommittee on Minerals, Materials and Fuels, Interior and Insular Affairs Committee, U.S. Senate, Washington, D.C.

DEAR SENATOR METCALF: I thought you would be interested in learning of the action the Secretary has taken to establish an Ocean Mining Administration within the Department of the Interior. The new Administration will be under my direction and will serve as the focal point for our efforts to promote the development of a stable investment climate for ocean minerals recovery, under conditions that protect the environment.

We continue to be hopeful that the Third UN Law of the Sea Conference will soon reach agreement on a satisfactory international system for managing minerals recovery from the seabed beyond national jurisdiction. In that event, the new Ocean Mining Administration will be in place to begin immediately the comprehensive task of harmonizing our programs with those established through the treaty. However, I believe that we must also be prepared if the Law of the Sea Conference does not reach a timely and successful conclusion, given our responsibilities to reduce wherever possible the Nation's dependence on foreign sources of raw materials.

The initial tasks of the Ocean Mining Administration will be to plan for the future of ocean mining, to develop policy and regulatory procedures and to complete a thorough analysis of the evnironmental effects of ocean mining. The new office will attach the highest priority to early completion of this analysis.

I hope that you will be pleased to learn of the Department's serious commitment to encouraging the development of this new minerals frontier. The Department will make every effort to keep you and your staff fully informed on a continuing basis of our activities in this area.

Sincerely,

JACK W. CARLSON,
Assistant Secretary of the Interior.

INTERIOR SECRETARY MORTON ESTABLISHES THE OCEAN MINING ADMINISTRATION

Secretary of the Interior Rogers C. B. Morton today created an Ocean Mining Administration to promote and encourage ocean mineral resource recovery from the seabed and subsoil beyond the limits of national jurisdiction.

The Ocean Mining Administration will develop policy for deep ocean minerals recovery, and implement a domestic program to provide new sources of nickel, copper and other minerals from the seabed.

Secretary Morton underscored the importance of ocean mining to our future raw materials needs. "By 1990 the United States can become a net exporter of nickel, copper and cobalt, if we ensure a healthy, stable investment climate for ocean mining now. This would reduce our present high level of dependence on other countries for several of these metals."

The Secretary said that he has "every hope that in 1975, a critical year for the ocean miner, the Third United Nations Conference on the Law of the Sea will be concluded successfully."

"The Administration, however, mindful of its responsibilities to reduce wherever possible our nation's vulnerability to interruptible or high cost sources of raw materials, will have to be prepared to act through a domestic program to secure our access to ocean minerals. We must create an investment climate which will promote the development of this new minerals frontier while at the same time protecting the ocean environment," Secretary Morton said.

Under the direction of the Assistant Secretary for Energy and Minerals, Jack W. Carlson, the Ocean Mining Administration will supervise the conduct of ocean mineral technology and resource assessment programs within the Department and oversee the carrying out of the Department's responsibilities in the ocean mining field with respect to compliance with the National Environmental Policy Act.

Carlson said, "We must begin now to plan for the development of this important mineral resource, and the Ocean Mining Administration will serve as the focal point for our efforts in this area. We expect this industry to grow to a $6 billion investment by 1990. But we must act now." Assistant Secretary Carlson also stressed the Department's concern that ocean mining activities not endanger the marine environment, and indicated that one of our first actions will be to ensure that appropriate analyses are conducted of the potential environmental effects of seabed recovery operations.

Leigh S. Ratiner, 35, who has been Director of the Ocean Mining Development Office on the staff of the Assistant Secretary—Energy and Minerals, has been designated as Administrator of the Ocean Mining Administration.

From January to June, 1974, Ratiner was the Deputy Assistant Administrator for International, Political and Economic Affairs at the Federal Energy Office, on loan from his position as Director for Ocean Resources in the Interior Department, in which he had served since 1972.

Before 1972 he was staff Director of the Office of Ocean Affairs in the Department of Defense. Between 1963 and 1966 Ratiner was an attorney in the Federal Aviation Agency, specializing in international air law negotiations. Ratiner has been a negotiator at many international conferences and is presently serving as the principal United States representative in Committee I at the Law of the Sea Conference, which deals with the mineral resources of the deep seabed, and with the creation of new international institutions for their administration.

Ratiner is a native of New York City. He holds a B.A. degree from Grinnell College, 1959; an LL.B. degree from the University of Pennsylvania, 1962; and a Masters in Comparative Law from Southern Methodist University, 1963. He and his wife, Catharine, have a daughter, Cris, 14, and a son, Tony, 11, and live in Annandale, Virginia.

[From the Wall Street Journal, Feb. 26, 1975]

MINING OF OCEAN FLOOR BY U.S. CONCERNS IN 1976 IS PROPOSED IF UN STALLS ON PACT

(By Jerry Landauer)

WASHINGTON.—The Interior Department is proposing to let U.S. mining companies scoop up valuable minerals from the ocean floor starting next year if the United Nations by then hasn't negotiated a new treaty governing use of the seas.

The department's proposal, being circulated to other Cabinet officers by Interior Secretary Rogers Morton, would authorize the government to issue mining licenses, insure corporate investments against political harassment by other countries and issue rules for ocean mining in what's currently a legal no-man's-land far beyond American shores.

Until now the Executive Branch has opposed unilateral action to recover minerals—chiefly cobalt, copper, nickel and manganese—from ocean territory that isn't within national jurisdiction. The U.S. government has declared that resources lying beyond 200 miles from the shore of any nation belong to "all mankind." But the slow tempo of international negotiations to agree on particulars may make it necessary for the U.S. to go it alone, some officials contend.

"We've been awfully patient," one policymaker says. "We've been negotiating for seven years. They (poor countries mostly) are diddling us. We just can't put up with being diddled any more."

Secretary Morton made that point more delicately yesterday in announcing creation of an Ocean Mining Administration under Leigh S. Ratiner to develop plans for licensing U.S. companies. Mr. Morton expressed "every hope" that the United Nations conference on the law of the sea, scheduled to reconvene in Geneva next month, will succeed. However, he added, the Ford administration must be "mindful of its responsibilities to reduce wherever possible our nation's vulnerability to interruptible or high-cost sources of raw materials."

Secretary Morton's measure, which is expected to be introduced in Congress shortly, fixes a deadline of Jan. 31, 1976, for wrapping up any new sea-law treaty, thus putting pressure on the UN delegates to agree. If no treaty were submitted to the Senate by that date, the Interior Department could start issuing mining licenses by the summer of 1976, assuming a six-month period for preparing regulations and filing environmental-impact statements. By 1990, according to Assistant Interior Secretary Jack W. Carlson, ocean mining could generate investments of as much as $6 billion.

Four companies—Kennecott Copper Corp.; Deep Sea Ventures, a subsidiary of Tenneco Inc.; International Nickel Co.; and Summa Corp., privately owned by Howard Hughes—have together invested more than $100 million to develop ocean-mining technology.

Kennecott and Deep Sea Ventures have built pilot plants to demonstrate the feasibility of recovering so-called "manganese nodules" from the ocean floor and extracting quantities of nickel, copper and cobalt. Some of the companies, in association with foreign concerns, are prepared to invest as much as $400 million to $500 million for each operational mining unit, government officials say. One purpose of the government insurance plan is to help the companies borrow.

The black, tomato-size nodules that are the major objective of Mr. Morton's legislative initiative generally lie in a vast expanse of ocean floor between Hawaii, Southern California, and Mexico. In many cases, the nodules contain 2.5% copper; in the U.S. some copper ore is being mined that contains just 0.5%. Besides copper, the ocean bottom is expected to yield valuable supplies of nickel and cobalt. Mr. Ratiner is confident that as a result of deep-sea mining the U.S. will be able to reduce imports of nickel from 82% to 34% of domestic consumption by 1985, and to eliminate any need to import cobalt. In 1973, U.S. industry imported 77% of its cobalt requirements. Imports of manganese could be cut roughly in half.

Under Mr. Morton's proposal, companies intending to mine the oceans wouldn't be required to pay any royalties to the U.S. government, except for some user charges to

cover the salaries of government regulators. And, though the legislation doesn't say so specifically, the companies conceivably could be entitled to depletion allowances for the minerals mined.

One possible peril to Mr. Morton's proposal in Congress is opposition from the Pentagon, a State Department source suggests. Some military men want the government to desist from claiming right to deep-sea minerals in exchange for treaty clauses guaranteeing warships unrestricted rights to sail through strategic international straits, especially the Straits of Gibraltar. Potentially, too, any unilateral approach to mining minerals could invite retaliation by nations in position to harass the passage of supertankers—on the pretext of pollution control, for example.

Outweighing these considerations is the growing belief within the government and especially in industry that some exporters of raw materials are stalling the UN conferences merely to protect themselves against commercial competition. "Their rhetoric is that these minerals belong to everybody," one U.S. negotiator says. "In practice, this means that nobody is getting them."

Indeed, it may be more than a coincidence that some of the loftiest language about the common mineral heritage of mankind is coming from delegates representing Peru, a major copper exporter; Zaire, a key producer of cobalt, and India, which produces manganese.

Algeria, a leader of the Organization of Petroleum Exporting Countries, or OPEC, is taking the toughest line of all. That nation, in particular, is demanding agreement that resources lying beyond 200 miles from any shore belong to all nations, putting oil deposits under the oceans safely beyond exclusive reach of the U.S. and other oil consumers.

MORE DIRECT CONGRESSIONAL CONSULTATION WITH THE FEDERAL RESERVE SYSTEM—A MUST

Mr. HUMPHREY. Mr. President, yesterday I had the privilege of testifying before the Senate Committee on Banking, Housing and Urban Affairs on the crucial question of the congressional role in setting this Nation's monetary policy.

The hearing was held to discuss Senate Concurrent Resolution 18, which was introduced by the able chairman of the committee, Mr. PROXMIRE, myself, and 14 other colleagues.

The purpose of this important resolution is twofold. First, it is intended to nudge the Federal Reserve System toward a monetary policy that promotes a full employment economy with stable prices. Second, it establishes a more sensible congressional role in this crucial area of economic policy.

I am delighted that Senator BUCKLEY joined me in testifying before the committee in favor of Senate Concurrent Resolution 18.

This is not an attempt to hamstring the Fed or to politicize monetary policy. However, it is an effort to bring monetary policy back within the overall framework of national economic policy.

The Fed has been a "one man team" for far too long, it is time it began working in a coordinated way with the Congress and the executive branch.

We must harmonize tax policy, budget policy, wage and price policy, and energy policy, with monetary policy, if we are to achieve our Nation's economic goals. All Federal policy should be moving in the same general direction, and in a reinforcing manner. We cannot afford to have credit availability and interest rate levels determined in a vacuum and by an institution that at times appears to be in a private world of its own.

I believe that, despite Dr. Burn's protestations, this resolution will help put the Fed back on the team, without reducing its legitimate independence.

Mr. President, I ask unanimous consent that my testimony before the Senate Committee on Banking, Housing and Urban Affairs, on Senate Concurrent Resolution 18, be printed in the RECORD.

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

TESTIMONY OF SENATOR HUBERT H. HUMPHREY

Mr. Chairman, I welcome the opportunity to appear before you and your very distinguished colleagues on the Committee on Banking, Housing and Urban Affairs in support of Senate Concurrent Resolution 18 which you introduced last week. I am especially delighted that Senator Buckley is here to join in this fight for a monetary policy that promotes a full employment economy with stable prices. A sensible, congressional role in this area of economic policy is not a partisan matter.

Nothing we do in economic policy is more important than what we do about money, interest rates, and credit. If we continue a policy of tight money, we will worsen or prolong a recession that has already been to some extent caused by a lack of credit and high interest rates. If we start pouring money into the economy without careful control, on the other hand, we will start another inflationary spiral. In other words, we must walk a narrow path between stringent—I might say stingy—and excessive money and credit expansion.

The resolution I am privileged to co-sponsor with Senator Proxmire and Senator Buckley and sixteen other Senators is a very modest first step in establishing a congressional role in the formulation of monetary policy. The resolution basically does three things:

First, it directs the Federal Reserve Board of Governors to take appropriate action in the first half of 1975 to increase the money supply at the rates necessary to promote economic recovery.

Second, it directs the Federal Reserve Board of Governors to maintain a steady long-term monetary policy commensurate with the full potential of the economy, maximum employment and stable prices.

Finally, the Resolution requires the Federal Reserve to consult with Congress on money and credit policy at semiannual hearings before this committee and the Committee on Banking in the other House.

Let me briefly explain why I believe each of these provisions is important.

NEED FOR CONGRESSIONAL MONETARY POLICY

The final provision of the resolution, that which requires regular congressional consultation in the formulation of monetary policy, is in many respects the most important part of this resolution. One of the major deficiencies of Federal economic policy in recent years, in my opinion, has been the lack of coordination among the many institutions that are responsible for executing such policy. The Department of Agriculture was subsidizing the Russians to buy our wheat in 1972, for example, while the Cost of Living Council was expressing concern about a food shortage at home and calling for the monitoring and management of food exports. There are countless other examples of where the right hand of government economic policy has not known what the left hand of government was doing.

Nowhere has this lack of coordination been greater than in the area of congressional economic policy. In the past, for example, dozens of committees and subcommittees have gone their own way in carving up the budget and setting fiscal policy by default. Thank God we had the good sense to correct these budget and fiscal deficiencies in our economic policy by enactment of the historic Congressional Budget Control Act of 1974. Under this act, as you know, Congress will be required to set the overall level of taxes, expenditures, and the size of the budget deficit or surplus in light of economic conditions. We would then debate our national priorities in the context of these limits.

Yet congressional economic policy remains seriously deficient because of our failure to develop a policy on money and credit. Although Dr. Burns and other members of the Federal Reserve Board frequently testify before many committees of Congress, they really do not tell us much about money and credit policy. When you ask the important questions on monetary policy—how much the money supply will be increased, what will be the interest rate objectives of the Federal Reserve, and what will be the availability of credit—a shroud of state secrecy falls over the hearing. The Federal Reserve will simply not inform us about their intentions with respect to monetary policy, nor do they consult with the Congress about what we believe should be the course of monetary policy in the light of other economic actions.

It is impossible for me to see how we are to set comprehensive and sensible economic policies as long as this situation persists. The lack of coordination is harmful because the Federal Reserve can undo whatever the Congress does on tax and spending policy. The secrecy is unnecessary and adds to the uncertainty about money and credit. The German Bundesbank, for example, has no such secrecy and has publicly announced it will increase the money supply eight percent this year. I believe this is a case where we can take a lesson from the Germans, who by the way have had the best economic performance in the world in recent times.

Our resolution would simply bring the Federal Reserve and Congress into open, sensible coordination on monetary policy. This Committee would serve as the focal point for the expression of congressional views on monetary policy, just as the Budget Committee is the focal point on budget policy. I believe this would be a major, long-term improvement in the way Congress treats economic policy. It could end the harmful secrecy that now surrounds monetary policy. The resolution would also enable Congress to fulfill its constitutional duty . . . "to coin money and regulate the value thereof, . . ."

NEED FOR IMMEDIATE MONETARY EXPANSION

As important as such long-term reform will be, our immediate need is to expand the money supply and lower interest rates in order to promote economic recovery. We are, as all of you know, in the worst economic slump since the Depression. The official unemployment rate is 8.2 percent and, if account is taken of discouraged and part-time workers, the real rate of unemployment is about 11 percent. This means that there are at least 10 million people unemployed or underemployed.

To some extent, the seriousness of the recession and its prolonged duration are the product of tight money and high interest rates. And the recovery from recession, will depend upon the expansion of the money

supply and the lowering of interest rates. This is not my opinion alone, although I share it, but the opinion of the vast majority of the people who study these matters carefully. To document this, I have attached to my statement summaries of the witnesses who have testified on monetary policy before the Joint Economic Committee.

One can also see that money and credit policies have been too tight by examining the statistics on monetary policy. The monetary supply, that is currency and checking accounts, has grown at drastically slower rates over the last six months than in previous periods. From January 1972 to mid-1973 money grew, on the average, according to the Federal Reserve Bank of St. Louis, at a rapid 8.6 percent annual rate. Over the next year, money growth slowed to a 5.4 percent rate. Since mid-1974 money has grown at about a one percent annual rate, and in the most recent quarter the money supply has actually declined. Thus, the most important component of our money and credit system, and the one over which the Federal Reserve has the most control, has dried up completely.

Even if other measures of the money supply are examined, the picture is much the same. Whether measured by what the economists call M1, M2, or any of the eight money aggregates alluded to by Chairman Burns in testimony before the Joint Economic Committee, there has been a sharp and damaging deceleration in the rate of growth since last spring. All measures of money and credit supply dropped sharply in 1974, particularly in the last six months.

The fact that these measures of money and credit currently show no growth, or a sharp decline in the rate of growth, does not mean the Federal Reserve has done nothing to expand the money supply and lower interest rates. Late last year and early this year, the Federal Reserve made modest efforts to expand the money supply, principally by lowering the discount rate and reserve requirements. These efforts have not reversed the decline in the money supply, however, according to Dr. Burns and others, because the banks, business, and consumers of the country lack sufficient confidence to utilize the supply of credit that is being made available. They cite the sharp decline in business loan demand, for example, as evidence that people do not want to borrow money now because they are uncertain about the economic outlook.

I find no reason to disagree with this point of view. In fact, I believe that a general lack of confidence within the country is deepening the recession and choking off all forms of economic activity. The real question is, how can we restore confidence in our economy and in our money and credit markets?

Confidence will return, in my view, only when the people see that their government has a policy to restore economic growth and bring back jobs. Not only is such a policy not evident in the actions of the Federal Reserve, but I believe the Board's current stance adds to uncertainty. Because of the secrecy that surrounds the system, no one knows what money and credit policies the Federal Reserve will follow in the next six months. We do not know if they will continue their very timid efforts to expand the money supply and lower interest rates, or if they will take the aggressive action necessary to bring the economy back up to the cruising speed of normal economic growth. Nor do we know if they will slam on the brakes again, aborting the recovery just as it is getting underway. Under these circumstances, how can business and consumers pursue investment and spending plans with any confidence? The answer is—they cannot.

To restore confidence, therefore, we must have a money and credit policy that accelerates the economy back up to a sensible cruising speed. Resolution 18 does just that. It recognizes that money supply growth has been too slow and interest rates too high in recent months. The resolution therefore requires the Federal Reserve to take action immediately and here let me quote, "to increase the money supply at a rate substantially higher than in recent experience and appropriate to actively promote economic recovery."

If this directive is followed, I believe we can get the economy back up to its proper cruising speed. Given the current level of unemployment, a proper cruising speed would be real economic growth of eight to ten percent in 1976. This in turn requires large increases in the money supply and much lower interest rates than we have had in recent experience. (In view of the almost zero growth of the money supply in the last six months, we need at least an eight to ten percent rate of growth in the money supply in the next six months. In fact, it may be necessary to increase the money supply even more than that in the short-run if we are to reach these grotwh tragets and reduce unemployment.)

In addition to expanding the money supply, I believe Dr. Burns and the Federal Reserve Board could increase confidence by telling the banks that they can be more liberal in their loan activities. A little jawboning by the Federal Reserve Board at this point, could well encourage the banks to use the funds they have available.

When I say that compliance with this resolution will aid economic recovery, I am of course assuming that it is done in conjunction with a comprehensive package of other economic actions, including a large tax cut and a substantial increase in public service jobs. If this is done, I believe we can make substantial progress toward restoring economic growth without adding to inflation. This view is shared by most of the witnesses who have appeared before the Joint Economic Committee and, to some extent, shared by Mr. Greenspan, the Chairman of the Council of Economic Advisers. I submit a copy of a February 19th letter from Mr. Greenspan, acknowledging that a comprehensive package of economic stimulus, including an eight percent increase in the money supply (M1), would increase real GNP by about two percentage points above the levels forecast under the program proposed by the President by the end of 1976. And this would occur with less unemployment and inflation.

NEED FOR STEADY LONG-RUN MONETARY EXPANSION

While a rapid expansion of the money supply is needed in the next six months to a year, we must guard against an excessive expansion that accelerates inflation. The eight percent increase in the money supply in 1972, coming in a period of substantial economic boom, surely contributed to the inflation of 1973. We must also guard against the roller coaster variations in money and credit that we have had in recent years. Those charged with the responsibility of driving the Nation's money machine must stop alternating between driving hell-bent down the road causing inflation, and slamming on the brakes so sharply it causes recession and unemployment. The money supply (M1) has fluctuated wildly in recent years.

This has got to stop. Those who are driving the Nation's money machine have to attain and maintain a sensible cruising speed if we are to maintain healthy economic growth and stable prices. The second provision of our resolution would accomplish this by directing that the Fed, and again I quote, "maintain long-run growth of the money supply commensurate with the economy's long-run potential to increase production, so as to effectively achieve the goals of maximum employment and stable prices." In other words, we must in the long-run strive to maintain a steady growth of money and credit instead of the wild gyrations of the past. This will help us to avoid both inflation and recession.

I hope the Committee has found my comments useful and are persuaded to adopt Resolution 18. Nothing is more important to the health of our country in the next year than a sensible money and credit policy. Resolution 18 indicates that Congress recognizes its responsibility in this area by instructing the Federal Reserve that the first priority in money and credit policy should be economic recovery and jobs. The resolution also provides long-term guidance to the Federal Reserve that should prevent extreme fluctuations in money supply and interest rates in the future. Finally, the resolution provides a continuing institutional focus for open consultation between Congress and the Federal Reserve for the formulation of money and credit policy.

APPENDIX A—EXCERPTS FROM JOINT ECONOMIC COMMITTEE HEARINGS

Gardner Ackley (January 23, 1975):

Dr. ACKLEY. The very minimum assignment for monetary policy in such a period, in my judgment, should be to expand the money supply about in line with the growth of potential output valued in then current prices—certainly, so long as the rate of inflation is continually and appreciably diminishing. This describes what would be an essentially neutral stance for monetary policy....

I personally would argue that Federal Reserve policy now and in the next year or two ought not merely to be neutral, but instead strongly expansionary. I favor a discretionary monetary policy, both in booms and recessions, rather than a steady, mechanical expansion of some variant of M. Thus, if M1 should expand at a 9 percent or 10 percent rate over the next year, it would not disturb me at all....

I am not sure they will understand better if I say the sum of currency and demand deposits of nine and ten percent would be entirely appropriate. However, I don't think anybody should get hooked to a particular number. It seems to me they ought to do what needs to be done to help assure recovery. If they should take 12 instead of ten it still wouldn't disturb me.

Senator HUMPHREY. Is the present money supply or rate of money supply adequate?

Dr. ACKLEY. It seems to me the recent rate of growth of money supply is inadequate.

Senator HUMPHREY. Over the past year?

Dr. ACKLEY. Well, the past year had two halves but certainly over the year as a whole very much so, and in the second half very distinctly so.

Paul W. McCracken (January 23, 1975).

Dr. MCCRACKEN. The relationship between the money supply broadly defined to include net time deposits and GNP has been quite stable, and historical experience suggests that for us to achieve the projected 12 and 10 percent rises in GNP (in current dollars) during these two years of expansion an essentially parallel increase in M2 would be needed, and it would mean a somewhat slower rise in M1. Moreover, it is monetary policy during these early months of 1975 that is establishing the basic path for the economy toward the latter part of the year. Judgments vary about the extent to which monetary policy has the capability itself to take the initiative and produce the needed economic expansion, but there would at least be broad agreement that this rate of monetary expansion is a necessary condition. And the trend of thinking has been to assign an increasingly important role to monetary policy as a determinant of the course for the economy. The three percent per year path for M1 during the last three months and the 6½ percent path for M2 are far short of

what we should be seeing now if the latter part of 1975 is to have reasonable assurance of resuming vigorous expansion. . . .

Yes, the President's program in my judgment is adequate to promote an expansion of economic activity by the later part of the year, providing it is accompanied by appropriate monetary policy. If it is not accompanied by appropriate monetary policy an even larger fiscal package will also produce disappointing results. At the same time I would have no serious problem in quantitative terms with the magnitude of fiscal stimulus somewhat larger than the President proposed but I would consider the President's package adequate with that very important proviso about monetary policy. . . .

During the last quarter, if I remember correctly, money expansion was 3.1 percent, at an annual rate of 3.1 percent. As Professor Ackley indicated, by the way, 1974 was two distinctly different periods. It was probably too rapid in the first part of the year and entirely too restrictive in the second half and really I helped to set the stage for the current recession. . . .

Now, as best one can translate that into what it means for the rate of growth in the money supply, what would that mean? That would seem to me to mean a rate of expansion certainly not less than eight percent for M1, probably closer to ten percent, because the economy generally will be rising a little more rapidly than the rate of gain. . . .

Now, in my own judgment I think these things can be worked out, once again providing that we have an appropriately expansive monetary policy.

Now you raised the larger question on monetary policy. I really do think that the question you are raising there is one that in the final analysis, somewhere down the pike, is going to have to be re-examined, namely, the position of decision-making about monetary policy in the structure of governments.

Hendrik Houthakker (January 29, 1975)

Dr. HOUTHAKKER. What has already happened in the current recession is bad enough, but my concern is further increased by looking at recent monetary policy. According to the weekly figures, which admittedly are somewhat inadequate for analytical purposes, the money supply has been falling for several weeks, and is now no higher than it was three months ago. It is true that interest rates have declined somewhat but this should not be interpreted as indicating a less restrictive monetary policy. The fall in interest rates appears to be due not to easier monetary policy but to a decline in the demand for money, which is normal in a deep recession. There is much evidence that a sustained fall in money supply will lead to a fall in money GNP, and hence to an even steeper fall in real GNP when prices are rising. Since the apparent reduction in the money supply is only a few weeks old, and may be due primarily to international factors, I do not want to make too much of it. Nevertheless, it would not be amiss to remember what Freidman and Schwartz had to say about the effects of perverse monetary policy on the early development of the Great Depression. . . .

Senator HUMPHREY. As an anti-recession program are the President's proposals enough, Dr. Houthakker?

Dr. HOUTHAKKER. I believe that very much depends on monetary policy. As fiscal policies go, the proposal is certainly not enough, although I would certainly not suggest anything bigger than that. I think it is important that some assurance be obtained from the Federal Reserve.

Senator HUMPHREY. He did not address himself to monetary policy in his message.

Dr. HOUTHAKKER. I don't believe he did.

Senator HUMPHREY. Do you consider that a vital part of the anti-recession program?

Dr. HOUTHAKKER. I believe it is the most vital part.

Senator HUMPHREY. What would you indicate as a factor to a monetary policy, what kind of easing of money supply and credit?

Dr. HOUTHAKKER. To go to a five percent growth range in money supply and stick to it would be a great help compared to the performances we have apparently had during the last few months.

But my point is, it is very misleading to look at interest rates in regard to monetary policy, because they reflect demand and supply. In a recession demand for money tends to fall and that in itself will bring interest rates down. With an expansive monetary policy the supply would have to increase, too. The statistics which we have at the moment suggest that supply has gone down, therefore, I believe it is misleading to talk about an easing of monetary policy. We just have not had it yet. . . .

Senator HUMPHREY. Do you have any suggestions as to how you might deal with the Fed up in New York?

Dr. HOUTHAKKER. Well, the situation is such that if I am right in thinking the execution of the monetary policy is at fault there would have to be personnel changes, because this has been a longstanding problem, and I believe that the Federal Reserve has not been able to carry out its stated intentions. . . .

George Perry (January 29, 1975).

Dr. PERRY. I am not a monitarist, so I have less confidence in putting precise numbers on how rapidly the money supply should grow. But I would suggest that the five percent strikes me as inadequate. We have reached our present condition with a growth rate of a little over four percent. I think five is much better than what we have gotten recently, which has been no growth rate at all in the money supply. I think that is a terrible monetary policy at a time like this. . . .

Franco Modigliani (February 14, 1975).

Dr. MODIGLIANI. There was some weakness in consumer spending, and that has been reinforced by the monetary policy because I believe—and many by now believe with me—that consumer spending, particularly in durables, is significantly affected by the stock market, and the stock market was sent into a spin by the policy of crazy-tight policy.

Now, thank God I am on record as having written, even though it is not published, before this happened telling the Fed, if you will stick to six percent, you will not be able to achieve the goals of the Administration. You will end up with heavy unemployment. . . .

On the other hand, I am quite convinced that, as the Board of Governors is now composed and now operating, we will never get eight or nine percent money supply growth, that as we make some efforts to push the economy up and as income is expended, we will find that they will sit on their six or seven percent, and they will create a new credit squeeze, which will turn the economy around and let me say it this time, in my forecast because before I made some before this Committee proved right. If that happens, we would have exactly the repetition of the '58—'59—'60 episode, where the economy begins to recover, the Federal Reserve slaps on rates, and we get right back into recession in '60. . . .

Michael Evans (February 14, 1975).

Dr. EVANS. Arthur Burns will whip out a speech about how inflation is a menace to society, and will pass around copies of a book which is called "Prosperity and Inflation" which was written some 25 years ago, and so forth and so on. And he will go on and he will put the squeeze on the money supply and we will have interest rates which I am absolutely convinced will be higher than the interest rates which were reached in the peak of 1974 unless somebody steps in and does something about it.

I think this is extremely serious and we have to worry, not only about how to get the economy moving but how to keep it moving, because we can have a $20 billion, $30 billion, even a $40 billion tax cut, I would not go quite that high, but a sizeable tax cut this year is what we need. But if we are going to choke it off next year with restrictive monetary policy, then what is the point of it all?

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., February 19, 1975.

DEAR MR. CHAIRMAN: This is in response to your letter of February 11 in which you requested an evaluation of the economic impact of a number of proposals; including a $10 billion rebate of 1974 taxes, a permanent reduction in the tax rates that will initially reduce taxes by $20 billion at an annual rate, a $3 billion increase in the investment tax credit, a $8 billion expansion in outlays for public service employment starting in fiscal 1976 and maintained thereafter, and the substitution of offsetting reductions in federal outlays for the proposed ceiling on transfers.

We have examined the effect of these proposals within the framework of the DRI and the Chase Econometrics quarterly forecasting models. I believe that the results of the simulations are at best only partial answers to your questions. The models do not contain a well developed and comprehensive framework for the analysis of the financial market implications of your proposed program; nor do the models adequately capture the dynamics of the interactions between the real and the financial sector. My own experience suggests that the models and most analysts usually underestimate movements in the economy during the early stages of both declines and recovery in business activity. The models did not capture the sharpness of the decline in late 1974 and early 1975 and they may also be underestimating the sharpness of the recovery which we expect later this year.

THE FISCAL PROGRAM

Within the constraints of the models, the fiscal program you have asked us to analyze would be expected to raise real GNP by 1½ to 2 percent above the levels forecast under the program proposed by the President by the end of 1976. The unemployment rate would be 0.5 to 0.8 percentage points lower and the NIA deficit would be approximately $20 billion higher. About one-third of the $33 billion *ex ante* cost of the stimulus program still operative in the fourth quarter of 1976 would be recouped by the income induced growth in revenues.

Since the structure of these models is similar, both the Chase and DRI models are fairly close regarding the output-raising effects of increases in government expenditure. Both models show that the $8 billion increase in public service payrolls, which is treated generically like an increase in Government purchases, would raise real GNP by about ½ of one percent by the fourth quarter of 1976. As for the cut in personal taxes in the Chase model, the $20 billion permanent tax cut would raise real GNP by about 2 percent while in the DRI model the $20 billion tax cut has about the same effect as an $8 billion increase in purchases. The CEA would estimate that a $20 billion permanent tax cut would have effects on real GNP that are about twice as large as those of an $8 billion expenditure increase. Since the multipliers for transfer payments are expected to be similar to the tax multipliers, the substitution of roughly $5 billion in transfer payments for $5 billion of defense purchases would be slightly contractive. The $3 billion investment tax credit raises GNP by about ¼ percent. To

sum up the particular formulations of the model structures given a growth of M_1 ranging between 7 percent (Chase) and 8 percent (DRI) the combined fiscal changes yield an increase in real GNP by between 1½ and 2 percent by the end of 1976, and as a result, show a lower unemployment rate would be lowered by between 0.5 and 0.8 percentage points.

MONETARY POLICY PROPOSAL

The econometric models disagree on whether increased monetary growth would raise real output strongly in 1975 and 1976. The Chase model has interest rates stay high in spite of faster growth in M_1. As a result the savings inflow into thrift institutions remains small. Housing starts never get above the 1.8 million level in that model and other interest-sensitive spending recovers much less in the DRI simulation. Thus, the income velocity of money declines. As this decline will tend to be reversed subsequently, inflation could again flare up even if the money supply increases less rapidly in 1977–78 than in 1975–76.

THE EFFECT UPON INFLATION

We believe that price behavior will not be modified immediately by either monetary or fiscal stimuli if resources are substantially underemployed. Most econometric models agree that the short-run inflation penalties are small if they even exist at all under such conditions. Nevertheless the long-term inflationary potential of 10 percent growth in M_1 is serious. For instance, in the DRI model maintaining 10 percent growth in M_1 through 1976 feeds a much higher rate of growth in M_2 (12–14 percent), drives interest rates down to very low levels, and thus creates an explosion in private housing starts up to the 2.6 million annual level by the fourth quarter of 1976. A level of 2.6 million conventional starts (excluding mobile homes) is clearly unsustainable as is the low level of interest rates.

The large growth in liquidity and real balance that a prolonged period of rapid monetary growth would induce would, however, surely lead to an increase in the rate of inflation as the recovery progresses. If the rate of growth of the money supply is then slowed, interest rates will rise immediately as increased business and consumer demand for loans is satisfied by a reduction in bank liquidity. For example, attempts to unload government securities will drive up interest rates. On the other hand, if the rate of growth of the money supply is not slowed, inflation will accelerate even more in the course of the later stages of recovery and beyond as inflation premiums raise the level of nominal interest rates. In this way 10 percent growth in M_1, if maintained for two years, will inevitably lead to a recurrence of high rates of inflation in 1977 if not in 1975. In fact, great instability in the rate of growth of the money supply would eventually turn out to be a cause rather than a cure for recessions. After 1976 this high rate of monetary expansion would increasingly be reflected in higher prices. Accelerating inflation would then threaten to destabilize the economy anew in 1977–78.

There are several additional points that must be considered in assessing these or any forecasts for 1975 and beyond. The forecasts are surrounded by a wide band of uncertainty and the probable range of error even approaches the differences between our forecasts based upon the President's program and the alternative solutions under the assumptions that you have provided. In addition, the forecasts neither reflect nor adequately evaluate the risks of a financial backwash from the very large federal deficits. These difficulties may not be serious during 1975 but the risk of choking off some of the recovery during 1976 and beyond cannot safely be ignored. These are problems which we cannot examine adequately within the currently available models but the probability of serious adverse effects in 1976 and thereafter obviously rises with both the size of the deficit and the strength of the recovery.

I sincerely hope that this response is useful to you and your committee in your policy deliberations.

Sincerely yours,

ALAN GREENSPAN,
Chairman.

RULES OF PROCEDURE FOR COMMITTEE ON THE BUDGET

Mr. MUSKIE. Mr. President, in accordance with the provisions of the Legislative Reorganization Act, I hereby submit the rules of procedure for the Committee on the Budget. I ask unanimous consent that they be printed in the RECORD.

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

RULES OF PROCEDURE FOR THE COMMITTEE ON THE BUDGET

I. MEETINGS OF THE COMMITTEE

1. The Committee shall hold its regular meeting on the first Thursday of each month. Additional meetings may be called by the Chairman as he deems necessary to expedite Committee business.

2. Each meeting of the Committee on the Budget of the Senate, or any subcommittee thereof, including meetings to conduct hearings, shall be open to the public, except that a portion or portions of any such meeting may be closed to the public if the Committee or subcommittee, as the case may be, determined by record vote of a majority of the members of the Committee or subcommittee present that the matters to be discussed or the testimony to be taken at such portion or portions—

(a) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(b) will relate solely to matters of the Committee staff personnel or internal staff management or procedure;

(c) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(d) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement; or

(e) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person if—

(1) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

(2) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person.

II. QUORUMS

1. Except as provided in paragraphs 2. and 3. of this section, a quorum for the transaction of Committee business shall consist of not less than one-third of the membership of the entire Committee; provided, that proxies shall not be counted in making a quorum.

2. A majority of the Committee shall constitute a quorum for reporting legislative measures or recommendations; provided, that proxies shall not be counted in making a quorum.

3. For the purpose of taking sworn or unsworn testimony a quorum of the Committee and each subcommittee thereof, now or hereafter appointed, shall consist of one Senator.

III. PROXIES

When a record vote is taken in the Committee on any bill, resolution, amendment, or any other question, a quorum being present, a member who is unable to attend the meeting may submit his vote by proxy if the absent member has been informed of the matter on which he is being recorded and has affirmatively requested that he be so recorded.

IV. HEARINGS AND HEARING PROCEDURES

1. The Committee, or any subcommittee thereof, shall make public announcement of the date, place, time and subject matter of any hearing to be conducted on any measure or matter at least one week in advance of such hearing, unless the Committee, or subcommittee, determines that there is good cause to begin such hearing at an earlier date.

2. A witness appearing before the Committee, or any subcommittee thereof, shall file a written statement of his proposed testimony at least one day prior to his appearance, unless this requirement is waived by the Chairman and the ranking minority member, following their determination that there is good cause for failure of compliance.

V. COMMITTEE REPORTS

1. When the Committee has ordered a measure or recommendation reported, following final action the report thereon shall be filed in the Senate at the earliest practicable time.

2. A member of the Committee who gives notice of his intention to file supplemental, minority or additional views at the time of final Committee approval of a measure or matter, shall be entitled to not less than three calendar days in which to file such views, in writing, with the chief clerk of the Committee. Such views shall then be included in the Committee report and printed in the same volume, as a part thereof, and their inclusion shall be noted on the cover of the report. In the absence of timely notice, the Committee report may be filed and printed immediately without such views.

SEARCH FOR THE GOVERNMENT'S SOUL

Mr. WILLIAMS. Mr. President, the most depressing aspect of our current economic malaise is the difficulty we have in comprehending the impact of unemployment in human terms.

We preoccupy ourselves with statistics, with economic models, with trend charts.

The Committee on Labor and Public Welfare, which I have the privilege to chair, is striving to reach through the statistics and comprehend the human deprivation that recession has inflicted upon so many millions.

By official estimate of the Bureau of Labor Statistics, there were 7.5 million unemployed in January. Without counting the 850,000 who have given up hope of finding a job, the total is still greater than the population of New Jersey—my home State and the eighth largest.

New Jersey's own unemployment tragedy is one of the worst in the Nation,

with the statewide unemployment rate hovering near 11 percent and pockets of unemployment where the percentage of jobless is half again as high as the average.

The committee explored the human condition in New Jersey's jobless areas earlier this month with hearings in Passaic on February 12 and in Camden on February 13. We came away with a profound sense of apprehension about the established course of economic policy at the Federal level.

I do not hesitate to predict that these apprehensions will reverberate in committee hearings in other sections of the Nation in the weeks ahead.

Mr. President, I was moved to speak on these matters today by an editorial in the New York Times of Monday, February 24. The editorial recalled Franklin D. Roosevelt's admonition that times such as these call for "government with a soul."

The nucleus of the editorial is in this statement:

> Disenchantment that springs from a growing feeling of uselessness, particularly among the young, is the most serious threat to a nation's security.

Our preoccupation with the statistics on our economic condition does not serve us well in this regard.

We gain a sense of security from being able to say that unemployment is only 8 percent today, compared with 25 percent in the depths of the Depression.

But our sense of security is false, numbing our sensitivity to the sharp and uncomfortable realities.

In point of fact, unemployment reached no higher than 19 percent in the Depression, and in raw numbers, there were fewer unemployed on the average in the first 7 years of the New Deal than are jobless today.

On February 5, I advised the Senate of these facts and introduced into the RECORD a Library of Congress study that documents these conclusions. The material appears on page 2550 of the RECORD that day.

Mr. President, the committee did not travel to New Jersey in search of the Government's soul, but we found that the many witnesses who appeared before the committee, along with the hundreds who gathered outside the hearing rooms, were engaged in such a search.

For many reasons, some of the best of which are detailed in the Times editorial, such compassion as we are able to muster must be manifested in our actions and clearly perceived by those who have been told by the administration that they can expect to endure joblessness for many months. Otherwise, the security which we take for granted may be abruptly shaken.

I ask unanimius consent that the editorial be printed in the RECORD.

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

[From the New York Times, Feb. 24, 1975]

GOVERNMENT WITH A SOUL

"Unemployment," said Franklin D. Roosevelt in 1930, "is a problem of the entire community. It is a major social tragedy for the individual who is denied the opportunity to work and earn, but it does not stop there, and if not soon corrected will have a long-time depressive effect. . . ."

The economists' protestations that 1975 is different from 1930 cannot obscure the fact that the human equation remains essentially the same. To the man or woman responsible for a family's support or to the youth ready to embark on that first independent job, the reality of forced idleness is pragmatically and psychologically a deadly blow. Yet, with unemployment already at 8 per cent or more, the Ford Administration's emphasis is on the need to face a protracted period of high levels of joblessness. There seems only dim awareness in the White House that those 7.5 million who could not find jobs last month—roughly the equivalent of the entire population of New York City—are not percentages but people.

Today's young Americans have grown up amid the traumatic divisions over the war in Vietnam and the sordid experience of Watergate. Are they now to be told that they have a rendezvous with uselessness? As these young people see their families' fiscal foundations shaken and their own economic future in question, are they expected to believe their Government's insistence that national security demands increased defense appropriations, while expenditures for social and humane programs must be cut?

Disenchantment that springs from a growing feeling of uselessness, particularly among the young, is the most serious threat to a nation's security. The best shield against such disenchantment is an effective mobilization of human resources to build a better and more equitable society. More than ever, in Franklin Roosevelt's words, "America calls for government with a soul."

SENATOR CHURCH WARNS OF RISKS IN OIL CONFERENCE

Mr. PHILIP A. HART. Mr. President, the distinguished Democratic Senator from Idaho (Mr. CHURCH) has written an important critique of the administration's proposal for a conference between the oil producing and oil consuming nations. I believe that this is one of the most comprehensive analyses that I have seen of the risks inherent in such a conference and the need for an alternative approach. I commend this article to my colleagues as an informative discussion of the complex energy issues which are before us.

Mr. President, I ask unanimous consent to have the article printed in the RECORD.

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

[From the Washington Post, Feb. 23, 1975]

COPING WITH THE CARTEL: AN ALTERNATIVE PROGRAM

(By FRANK CHURCH)

A world energy conference looms on the horizon. Under strong pressures from the French, the Ford administration is attempting to turn last year's Washington Energy Conference into a formal consumer-producer negotiation which seeks to institutionalize—and thereby legitimize—the intolerably high oil prices being imposed on the world by the OPEC cartel.

This summit strategy is fraught with error. The consumer nations are in disarray. They would have to negotiate from a position of transparent weakness. In these circumstances, any agreement coming out of such a world energy conference would bear the signature of our surrender to the oil producer cartel. So far, however, there has been little discussion of the domestic and foreign policy implications of the Ford administration's commitment to a world energy conference. This is strange, indeed, since the United States appears embarked upon a strategy that will give OPEC—the Organization of Petroleum Exporting Countries—insurance for a long, sumptuous life, rather than a strategy designed to shrink its markets and drive down the price of oil.

The administration has scheduled a preliminary consumer-producer dialogue for March, at which an agenda is to be considered for a negotiating conference later in the year. Last month, Secretary of State Henry Kissinger unveiled the American negotiating position: The oil consuming countries "should be prepared to offer producers an assured price for some definite period so long as this price is substantially lower than the current price." Although no specific figure was used, the administration has privately indicated that it has in mind a $7 to $8 a barrel price plus an indexing system to protect the oil producers against inflation. On the "or else" side, the administration has threatened the producers with a solid consumer front in the 1970s and a world oil surplus in the 1980s.

THREE WEAK LEGS

None of the three legs of the Ford administration's world energy conference strategy is testworthy.

First, OPEC cannot be expected to take seriously the Kissinger vision of emerging consumer solidarity. The industrial governments, including our own, cannot even forge strong national energy policies, let alone agree upon a united front. As long as the OPEC governments can extract more than $10 for a barrel of oil, why should they volunteer to sell for less?

Politically, these governments are all under strong pressures at home to maximize their national incomes. Whether the threat comes from a military coup or from rival politicians seeking power, no chief executive in any of these countries can expose himself to the charge that he is selling out his countrymen by giving the Western "imperialists" cheaper oil. This is no less a reality today than it was at the time of the 1970–71 Tehran and Tripoli agreements when the multinational oil companies were repeatedly told by "our moderate friends," Saudi Arabia and Iran, that they could not get by with less money for their oil than the "radicals" in OPEC. As long as the cartel is alive and well, these internal political pressures will make it quite impossible for OPEC to grant Kissinger's plea for a $2 or $3 reduction in the oil price.

Second, the Ford administration's fancied consumer alliance is a house of cards. It simply won't hold up in joint negotiations with OPEC. The following factors create an endemic division which will self-destruct the solidarity of the consumer governments' bargaining position even before they reach the conference table:

1. While the United States is still a larger oil producer than any single OPEC member, Europe and Japan are almost completely dependent upon the cartel's oil for the maintenance of their industrial economies.

2. As large importers of Arab oil, Europe and Japan have already gone the distance in disassociating themselves from the American position of support for Israel.

3. Veiled threats of U.S. military action against the oil producers have created extreme anxiety in the capitals of Europe and Japan, prompting immediate denunciations of the American President and Secretary of State.

4. With the advent of détente among the superpowers, much of the old meaning has gone out of the common anti-Communist objective that Europe and Japan shared with the United States during the Cold War.

5. The nature of the new adversary is unprecedented, with the industrialized democracies facing not an openly hostile Communist superpower but 13 sovereign Third World nations justifying the high price of their natural resource on the basis of alleged exploitation in the past. Taken together, these factors gravely threaten the prospects for consumer solidarity.

Finally, the Ford administration's world energy conference strategy calls for congressional legislation that it just won't get. With the American economy sliding into deep recession, the Congress has concentrated on blocking the Ford domestic energy program in order to better help the American people get jobs. Seldom has Capitol Hill seen such swift and concerted opposition to a presidential program than that which congealed against Mr. Ford's oil tariffs and excise tax proposals.

According to the administration's own spokesmen, the program's higher fuel costs would have severe contractionary effects on the economy by removing $45-$50 billion of consumer purchasing power, a sum which would not be wholly returned to the American people through tax rebates. At the same time, the Ford energy program would send another shock wave of inflation through the U.S. economy—on top of the waves already generated in the past year by OPEC. Otto Eckstein, a former member of the President's Council of Economic Advisers, estimates that the Ford program would drive up the cost of living by an added 4 per cent in its first year alone. In short, Congress is in no mood for more stagflation, especially the self-inflicted kind.

The fact is that the administration's whole energy program—at home and abroad—is in sad shape because it does not address itself to the pressing need of the oil-consumer nations: the need to bring down the high price of oil.

NO FLOOR PRICE

Indeed, the Ford administration would treat the common ailment of high prices by increasing them still further, in the unrealistic hope that higher energy prices will bring forth more supply and cut down demand. To achieve these objectives, so the argument goes, we must inflict the social cost of a high energy price floor on the American people. Under present circumstances, however, the Ford program is fundamentally flawed. To begin with, the U.S. economy is an oil/automobile-based economy. Even large fuel price increases dampen demand only marginally—though at great inflationary expense to the economy, as recent OPEC price actions have amply demonstrated. According to a recent Joint Economic Committee report, a 30-cent-a-gallon increase in gasoline prices would reduce consumption by only 500,000 barrels a day. A 10-12-cent-a-gallon increase under the Ford program, therefore, could be expected to make only a small dent in present consumption, far short of meeting the President's target of one million barrels a day by the end of 1975.

Raising fuel prices is also the most expensive and the least efficient way to stimulate new oil production at home. Since the giant OPEC price hikes in late 1973, the principal limitation on the U.S. oil industry's search for additional domestic supplies has *not* been the lack of incentive. Newly discovered domestic oil is sold at the uncontrolled world price of $11-plus per barrel; for every barrel of "new" oil produced, moreover, one barrel of "old" oil, price-controlled at $5.25, may be sold at the uncontrolled price, thus making the real marginal price of "new" oil $17 per barrel. Thus it could not have been the lack of price incentive that caused U.S. oil production to decline 600,000 barrels a day last year.

The bottleneck to increased domestic oil production has so far been a severe shortage of steel pipe for drilling operations. Over the next several years, another important limiting factor may be the opposition of our Atlantic and Pacific coastal states to mushrooming off-shore oil production. These problems must be overcome as soon as possible—if necessary, by direct intervention on the part of the federal government.

But setting a high price floor under the entire U.S. energy market is the worst way to generate alternative energy supplies. The specter of OPEC cutting its price at some future date in order to undermine costly American alternative energy sources can be dealt with by direct U.S. government contract guarantees for specific investments. In this manner, we would target our subsidies—as we normally do in other cases—at far less cost to the American people than asking them to pay for all their fuel at pegged-up prices.

Indeed, Congress has already enacted legislation—the Federal Non-Nuclear Energy R & D Act of 1974—which provides $2 billion each year for the next decade for energy research and development projects and authorizes the U.S. government to guarantee the purchase price for high-cost energy investments in such high-risk alternatives as coal gasification, oil shale and geothermal power. The Senate Interior Subcommittee on Energy R&D, which I chair, will take an active role in helping the Energy Research and Development Administration select the most promising energy projects. The projects which are chosen to have price guarantees on their output will be shielded against the threat—however remote—of a sudden avalanche of cheap Middle East oil imports.

To guard against the "downside" risk that foreign oil producers might also render our high-cost domestic petroleum production uncompetitive, we must adopt a long-range national security program which does not repeat the mistakes of the oil import quota system. In the event foreign oil prices drop significantly, the United States should be in a position to benefit from the development. At the same time, we must not allow our dependency on foreign oil to increase beyond our capacity to control our vulnerability in the event of another supply interruption. To achieve these twin objectives, we should adopt an import quota system to regulate the flow of overseas oil imports. If we succeed in breaking the oil cartel, cheap imports could be allowed in the U.S. market as fast as domestic production could be shut-in on a standby basis. Direct federal subsidies, funded from the savings derived from cheaper oil, would be extended to domestic producers as compensation for the strategic flexibility gained.

In this manner, the American people would derive both the economic benefit of a cheaper foreign energy source and the strategic security of a strong oil industry at home. Unlike the former quota system and the Administration's present price floor plan, this proposal would not recklessly deplete our domestic energy resources nor unnecessarily penalize U.S. economic growth as the price for accomplishing a short-term and inflexible national security program.

THE FOREIGN IMPACT

Equally important, though as yet not widely recognized, are the adverse foreign policy consequences of the Ford energy program. As far as one can tell, President Ford misreads its effect on OPEC pricing policy.

By raising U.S. oil prices, now the lowest in the world, above existing international levels, the President would increase the basic fuel cost input in American manufactured goods. This, in turn, would increase their cost to the oil producing countries which rely on American imports. Iran, an OPEC price leader which has doubled its American imports in the past year, would probably be the first to react. With the present power that OPEC wields over the world energy market, its member countries would, at a minimum, raise their petroleum prices still higher to cover the inflationary increase, all in the name of the cartel's policy of keeping its purchasing power intact. Even worse, though less probable, is the possibility that internal OPEC pressures might lead to a decision to match the new American domestic price penny for penny.

Hoisting U.S. energy prices above the rigged world oil market would also serve to further weaken the consumer front. The Europeans and the Japanese fear OPEC's reaction to a new wave of American-sponsored inflation. Once again, Europe and Japan would bear the full impact of the higher oil prices by virtue of their great dependence on imported oil. Unfortunately, this scenario would be playing itself out at a time when world public opinion is becoming more receptive to the American perception of OPEC as tyrannizing the Third World. Amid the general confusion resulting from the Ford program and the OPEC response, the critics of "American hegemony" would gain fresh attention.

Given the present monopoly in world oil, my great fear is that the Ford administration will lead the consumer nations to the summit where our weaknesses will be exposed and magnified for all the world to see. If this occurs, OPEC can be expected to pressure our allies to accept present prices with an automatic escalator to offset future inflation. At this point, the United States could lose all control of the situation. Iran, for example, could offer France bilateral concessions in return for her support. Similar enticements could be given others. The United States might soon find itself isolated, under heavy pressure to ratify an agreement dictated by the oil cartel. Moreover, if OPEC gets its way, the world energy conference could well become the model for a "New Economic Order" dominated by future raw material cartels. In short, the dangers are just too great for the United States to engage in reckless oil summitry.

AN ECONOMIC ALLIANCE

The enormous economic power that the OPEC governments possess today undermines the dominant position the United States has maintained with respect to Western Europe and Japan since the end of World War II. Beyond our guarantee against the remote threat of Russian occupation, there is simply nothing America can offer countries like France and Italy in the near future that can affect their national existence as much as the supply and the price of OPEC-controlled oil.

As OPEC's financial resources grow, its member states are accumulating larger political influence in foreign capitals. In 1974 alone, Iran committed $8 billion in grants and loans, hard and soft, to countries in need. The Shah extended loans of $1 billion or more each to France, Britain and Egypt. By stretching out the debt of their customers, the oil producers are taking some of the sting out of their large and sudden price increases. Many of their surplus petrodollars, which some have feared would bring down our Western banks through reckless withdrawals, are instead being left in selected consuming countries as a form of foreign aid. Thus OPEC extends its web of influence over many of the same governments which would sit with us at any world energy conference.

OPEC'S PROBLEMS

OPEC is one of history's most remarkable success stories. World consumers are presently paying tribute to 13 countries, scattered across the globe, with profound economic, cultural, social and religious differences.

At OPEC meetings, for example, the Libyans refuse to speak directly to the Saudi Arabians. The two OPEC superpowers, Saudi Arabia and Iran, have an intense historical rivalry. The Iraqis are bitter enemies not only of Kuwaitis

but of the Shah. There are conservative and representative monarchies, rightist and leftist military regimes, and even a democracy or two. There are Christians and Moslems of differing sects. Large discrepancies also exist in crude oil reserves, population, production costs, nonoil resources, incomes, development expectations and foreign policy objectives. Yet these manifold differences have been subsumed in the common advantage the OPEC members derive from selling their oil at a cartel price.

The key to OPEC's pricing policy for the moment rests in the hands of Saudi Arabia. As the world's largest petroleum exporter, it has been accumulating revenues far exceeding the needs of its 8 million subjects. In 1974, King Faisal's oil revenues increased fivefold to $25 billion, leaving $19 billion for foreign commitments after his allocation for internal spending. Despite a rapidly expanding budget, the king would feel no economic pinch if he ordered Aramco to cut last December's 8 million barrels a day production in half.

If U.S. government attitudes and world public opinion were not important factors, the Saudi government could increase its revenues even further by keeping more of its oil in the ground and adjusting its prices upward; smaller OPEC members desiring greater revenues would almost surely follow the Saudi lead. By the same token, Saudi Arabia has the power to lower OPEC's money supply by adjusting its prices downward; other cartel members would be forced to match the new price or lose their outlets to the world's largest exporter.

While Arabian oil imports at the present time only represent a small portion of U.S. energy requirements, the price of Arabian oil nevertheless sets OPEC's prices in the world energy markets. Since uncontrolled U.S. "new" oil prices have risen to world levels, the Saudis effectively exercise a major influence over American energy prices.

The non-Communist world is currently consuming 42 million barrels a day, of which OPEC supplies approximately 27. OPEC has so far succeeded in shutting in over 11 million barrels a day of its total capacity of over 38. During the second half of 1974, the cartel's production cutbacks were absorbed largely by Kuwait, Libya and Venezuela. The distribution of these cutbacks resulted primarily from the unwillingness of these OPEC members to bring their prices down in line with "Arabian Light" crude—the cartel's pricing benchmark.

Nevertheless, world demand for petroleum has continued to fall with the deepening world recession this year. In January, Saudi Arabia and Iran, the relatively low-priced OPEC producers, have each had to take 10 per cent production cutbacks. With tanker rates depressed, Libya is no longer in a position to dictate the price it wants and has been compelled to accept the most drastic production slashes within OPEC.

If the world economy continues to sag and demand for petroleum falls further, OPEC will experience considerable strain if Saudi Arabia does not absorb most of the production losses. Otherwise, OPEC might well fumble if its members were forced to agree on sharing production cutbacks. If the world economy returns to a reasonable growth pattern, however, the allocational dilemma that OPEC is experiencing will increasingly be resolved by rising petroleum consumption in the United States, Europe and Japan.

THE ALTERNATIVE

The issue, then, is: How do we break out of this vicious circle? A realistic policy must concentrate on three lines of action:

First, we must deny OPEC nations their guaranteed access to our markets. Existing arrangements between individual OPEC governments and the international oil companies do not serve this objective.

In order to break up this cozy arrangement, Congress should create a Federal Purchasing Agency to buy foreign source oil—and then allocate it among domestic refineries on a geographically equitable basis. Such a federal corporation could maximize U.S. bargaining leverage by negotiating directly with foreign producers who want access to the U.S. market. It could seek sealed, competitive bids, shopping around for the cheapest oil, not bound by traditional contractual arrangements such as that of Exxon and Mobil in Saudi Arabia as well as in Iran. As matters now stand, the two largest OPEC producers have effectively foreclosed price competition as a result of Iran's requirement that it automatically be paid as much for its oil as Saudi Arabia. The competitive mechanism of the Federal Purchasing Agency would encourage price-cutting among foreign oil exporters who want a larger share of the American market.

Secondly, we must have a real gas conservation program which comes to grips with Detroit. Significant savings in gasoline will come only with the sale of more small cars. Currently, the average gallon consumption of a U.S. automobile is 13.1 miles per gallon. By raising this average to 15.7 miles, we can save 1.4 million barrels a day. By raising it to 18 miles per gallon, we can achieve a 2.5-million-barrel-a-day cutback in imported oil, a far larger reduction than President Ford hopes to achieve by 1978.

I would have Congress place an excise tax on gas-guzzling passsenger cars, coupled with a tax rebate on the purchase price of smaller makes that give higher mileage. Instead of pouring an additional $2 billion into highway construction, I would amend the Highway Trust Fund to permit cities and states to use a bigger percentage of their share of the Trust Fund for mass transit purposes. However, I support the administration's plans for improving the insulation of buildings.

Most important, we must launch a massive national program to increase domestic energy supplies from coal, oil shale, tar sands, nuclear fusion, solar and geothermal sources. Harnessing the vast human resources of this nation, we can meet this challenge just as we met the challenge of the Manhattan Project and the Apollo program. We must not forget that America is the Saudi Arabia of coal; once we overcome the present technical and environmental difficulties, coal will provide us with a reliable energy source for centuries to come.

Of course, full utilization of U.S. petroleum resources, including those on the Outer Continental Shelf and in Alaska, must be a major component of our development program. No demand restraint measures can exert sufficient pressure to break the cartel if not combined with an aggressive policy of supply stimulation.

As we reduce consumption and expand supply in these ways, the Federal Purchasing Agency could effect corresponding cuts in our foreign oil imports. No drastic shortage of fuel, no dreaded rationing, need result from such an approach. Furthermore, we could adopt this program without fear of worsening the recession or postponing recovery. I would favor more aggressive measures, calculated to bring faster pressures to bear on OPEC, but it is obvious that neither the Republican administration nor the Democratic Congress is prepared to ask the American people for the kind of belt-tightening such a course would demand.

If we wed our conservation gains to a receding level of imports, and add a crash program to maximize U.S. and non-OPEC oil production, OPEC will be faced with the prospect of a steadily shrinking market.

By the same token, the U.S. government should be as interested as the British government in the speed at which North Sea oil can be developed. Making Britain self-sufficient in oil not only aids a major ally financially but removes from the market a major consumer of OPEC oil. The same applies to Mexico and other important emerging petroleum producers. Every new producer helps to diversify global oil supplies and increases the difficulties for OPEC in allocating production. Some OPEC governments will feel the pinch sooner than others. We should eventually begin to see the first crack in the cartel price structure, as weaker members compete to maintain their market shares.

While there is no guarantee that this alternative program will break OPEC, the Administration's world energy conference strategy runs a double risk. If it succeeds, the oil consuming nations will legitimize the monopoly prices of the oil producer cartel. If it fails, consumer solidarity will be shattered, inflicting unnecessary damage to our long-standing relationships with Europe and Japan. My proposal would avoid these pitfalls while offering a reasonable possibility of stimulating centrifugal forces within OPEC. If it succeeds, OPEC will begin to disintegrate; if it fails, the costs are minimal.

KUWAIT CELEBRATES INDEPENDENCE

Mr. HARTKE. Mr. President, I would like to bring to the attention of my colleagues that yesterday, February 25, was the National Day of Kuwait, an independent nation in the northwest corner of the Arabian Gulf.

The discovery and development of oil in Kuwait illustrates the impact of this energy source in creating a social revolution, capable of changing the standards and lifestyle of the Kuwaiti people that have dominated the society for centuries. Today Kuwait has 10 hospitals with 3,505 beds, 40 dispensaries, 36 dental clinics and 148 school clinics, where all the services are free to all citizens and residents. Kuwait also boasts of 90 elementary, 68 intermediary, 21 secondary schools, and a university population of over 3,000 students. The total expenditures on public education are over $120 million or 5 percent of her gross national product.

Significantly Kuwait is the world's largest donor in terms of gross national product. Kuwait estimated net official development aid—ODA—disbursements amounted to $240 million, 7.5 percent of GNP, in 1971; $138 million, 3.5 percent of GNP, in 1972; and $207 million, 4.8 percent of GNP, in 1973. Including its purchases of World Bank bonds, Kuwait's aid amounted to 6.10 percent of GNP in recent years, to which should be added sizable private investments in a number of developing countries, making Kuwait by far the world's largest donor in terms of GNP. In 1974 Kuwait's subscriptions to multilateral institutions and to Arab and African countries amounted to over $1 billion, or more than 10 percent of Kuwait's expected oil income this year of $8–9 billion. Over 90 percent of Kuwait's aid has been in the form of grants, mainly on a bilateral basis.

The largest aid category is financial grant assistance to Egypt, Jordan, and Syria. Kuwait also has for many years

provided grant assistance to the Arab countries of the Persian Gulf, averaging $6 million annually through the General Authority for the South and the Arabian Gulf. Kuwait also established the Kuwait Fund for Arab Economic Development, the first development fund in the Arab world, created in 1961 as an autonomous agency of the Kuwait Government.

I take this opportunity to salute and congratulate the Amir Shaykh Sabah al Salem Al Sabah, Prime Minister Shaykh Sabir al Ahmap al Jibir Al Sabah, the government, and the people of the State of Kuwait on her national holiday.

MRS. SARAH A. ROUNDS—OLDEST FOSTER GRANDPARENT

Mr. PELL. Mr. President, today I would like to share with my colleagues a truly inspirational story from the February/March issue on Aging.

Mrs. Sarah A. Rounds is Rhode Island's oldest foster grandparent. She is 90 years old, and she has worked in this fine program for 7 years. She has shown great determination as a foster grandparent, as this article indicates.

That the foster grandparent program attracts volunteers as concerned and as thoughtful as Mrs. Rounds is a tribute to the great worthiness of this project, in which older adults help small children in a very personal and effective relationship.

Mr. President, I ask unanimous consent to have the article in Aging magazine regarding Mrs. Rounds printed in the RECORD.

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

NINETY-YEAR-OLD GREAT GRANDMOTHER OLDEST RHODE ISLAND FGP

Mrs. Sarah A. Rounds has the distinction of being the oldest Foster Grandparent in Rhode Island, having served a project since its inception in 1968.

Last Mother's Day, Mrs. Rounds was found unconscious in her home, the victim of a heart ailment. Now, however, she is working 20 hours a week at the J. Arthur Trudeau Memorial Center and says she has no plans to retire.

Mrs. Rounds also spends her time cleaning house, taking walks, and shoveling snow when needed.

Like the other 63 Foster Grandparents in Rhode Island, 10% of whom are men, Mrs. Rounds is taken to work each day by bus, gets a free hot lunch, health insurance, checkups, and a $32 weekly stipend.

"Lots of people ask me what I'm doing it for," Mrs. Rounds said, "I tell them because I want to. Where else could I go with a small pension? I've kept my little home together by helping those kids out. Besides, it's not just a job, we worry about them completely."

SOUTH VIETNAM AND CAMBODIA: NATIONS OF REFUGEES

Mr. KENNEDY. Mr. President, in the course of the Congressional Study Mission's visit to South Vietnam, I hope my colleagues will have an opportunity to see first hand the massive humanitarian problems confronting the Vietnamese people.

As fighting intensifies throughout the countryside, each new day produces more refugees, orphans, and civilian war casualties. It is apparent that as the war drags on, the refugees who are fleeing their homes face the same tragic problems which existed before the ceasefire agreement. The refugees may be new, but they are leaving behind the same old battles of the same old war.

While the full extent of the war's impact upon the land and people of South Vietnam will perhaps never be known, it is apparent that as the cease-fire war continues, more and more refugees and displaced peoples will be added to the grim legacy of the Indochina war.

Last month, the Subcommittee on Refugees, of which I am chairman, released the text of a preliminary report on humanitarian problems in South Vietnam and Cambodia—2 Years After the Ceasefire.

In the report, the subcommittee estimated that since the Paris Agreements, 1,413,000 refugees were displaced in South Vietnam—818,000 in 1973, and 594,000 in 1974.

The cease-fire war raging in South Vietnam is clearly as dangerous as the old war. When the 1973 and 1974 toll of wounded and killed civilians is added to the official accounting of military casualties, 339,822 Vietnamese were killed or wounded in 2 years of fighting.

In Cambodia, the refugee situation in Phnom Penh and the countryside defies accurate description. Nevertheless, from recent newspaper reports it is painfully clear that the humanitarian problems of the Cambodian people grow more desperate each day. The Cambodian Government has virtually lost control of the countryside—leaving thousands of refugees without adequate food or shelter. What little food is getting through to the capital has not prevented widespread malnutrition, nor in some cases, starvation. Despite our Government's announcement yesterday that the United States will begin airlifting food into Phnom Penh, the plight of the Cambodian people requires more than the airlifting of food. It requires our best efforts to insure that voluntary agencies receive adequate portions of this food so that their programs can continue.

Mr. President, we have a commitment to help end the suffering of the Vietnamese and Cambodian people—not a commitment to supply ammunition so that an endless war can go on. I ask unanimous consent that several newspaper articles pertaining to the humanitarian plight of these two countries be printed in the RECORD.

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

[From the New York Times, Feb. 26, 1975]

CHILDREN STARVING IN ONCE-LUSH LAND

(By Sydney H. Schanberg)

PHNOM PENH, CAMBODIA, February 25.—Five years of war, with the resultant shortages and astronomical prices, have finally produced serious malnutrition in this once-bountiful country—and children are beginning to die in numbers. Scenes like the following are ordinary today:

A 3-month-old infant, his body wasted by severe malnutrition, lies in a bamboo basket. An oxygen tube is in his nose and an intravenous feeding tube in his arm, which is shrunken into a twig-like thing. Abandoned in a poor section of Phnom Penh, he was found by a pitying old woman who named him Lach Sao and took him to the nearest medical facility, the Chinese Hospital. But when the hospital learned she could not pay, it stopped all treatment and discharged the infant. The bewildered woman then carried him to a center of World Vision, an international relief agency here—and despite the oxygen and the intravenous feeding it is much too late. He dies the same day.

In a World Vision clinic, Ah Srey, a 2-month-old girl, grossly dehydrated from starvation, has just been brought in by her grandmother. Ten days before they were caught in the maelstrom of a battle a few miles from Phnom Penh. In the panic, the family became separated and the grandmother found herself alone with the child. For 10 days they have been surviving on handouts and scraps or garbage. The child had been malnourished before. Now she is a skeletal horror little more than bulging eyes and a protruding rib cage. Every few seconds she produces a wail that racks her body. In three hours she is dead.

On the tabe next to Ah Srey is an older child—19 months—who is dying right now. His name is Nuth Saroeun. From his mouth comes a steady whimper and rattle. His father was killed by a rocket three months ago. His 25-year-old mother, also suffering from malnutrition (she has beri-beri and her feet are going numb), stands at his side sobbing. A doctor tries to force a tube down the child's throat to get out the mucus that is blocking his breathing. Suddenly the child utters a tiny cry that sounds like "Mak" ("Mother") and then his head slumps and he is gone.

Waves of mothers carrying gravely ill children—swollen children, children with stick-like concentration-camp bodies, children with parchment skin hanging in flaccid folds, coughing children, weeping children, silent children too weak to respond anymore—press forward every day against the doors of the relief agency clinics, desperate to get in. But there are not enough doctors or nurses or medicine or food for them all so for every 500 who come, only 200 or so can be treated—only the most serious cases.

"How do you think I feel," said a Western doctor, "having to turn away 300 from our clinic every morning?"

Sometimes mothers burst into tears in the clinics simply out of relief that they have been allowed in with their children.

But even those who can get in must surmount more obstacles. Most of the children should be immediately hospitalized, but the hospitals here are full of war wounded and there is almost no room for malnourished children. The only beds are the ones that become available when other children die in the few special children's centers here.

Americans have stepped up an emergency airlift of supplies from Thailand because the insurgents have blockaded Cambodia's main supply line, the Mekong River, but until now the cargo these planes have brought is all military aid, mostly ammunition. There has been no food.

Yesterday the United States administration announced that beginning this week the airlift would begin bringing rice to Phnom Penh—but this is only to replenish stocks and maintain the status quo. The astronomical price of rice will not change, and the many Cambodians who are hungry now will continue hungry.

There are no accurate survey figures yet, but everyone involved in the Cambodian relief effort here believes that at minimum, from the firsthand evidence, tens of thousands of children are now dangerously malnourished and that at least dozens are dying daily—most of them in and around this capital city, bursting with refugees.

Yet it is not the official refugees—those living in campus or otherwise being fed by

the relief agencies with U.S. food and funds—who are suffering most. It is instead the marginal people everywhere—those who are refugees but not registered as such, those who are trying to scrape by without a humiliating dole, underpaid civil servants, office workers, ricksha pedalers and even soldiers.

In short, it is the general population that has been driven—over five years of having to eat less and less because they lack money—to a point of critical nutritional weakness.

"They're on the brink," says Dr. Penelope J. Key, World Vision's medical director. "The children have reached the cumulative point where large numbers are being struck by a sudden deterioration. A year ago we were seeing only a few malnourished children, and these were all under 3. The numbers are large, and some of the children are 10 and 11."

Agencies like World Vision, Care, Catholic Relief Services and the Red Cross are helping—mostly with American aid—feed and provide medical care and shelter for 400,000 people in Cambodia these days. But it is nowhere near enough: At least every other person in this country of seven million is a refugee from the war.

No sight is more common here than an oxcart caravan of villagers raising clouds of yellow dust as they flee the latest fighting. Many people have been uprooted three and four times. Even new refugee settlements erected by the relief agencies are sometimes burned down by the Communist-led insurgents, and the displaced must move on again.

Cambodia before the war was a country so rich in her food produce that even the very poor were never hungry. Everyone had a piece of land and there were always bananas and other fruit growing wild and a river or stream nearby where fish could be easily caught.

A LAND OF LANDLESS NOMADS

Now it is a country of landless nomads with empty stomachs—human flotsam living amid damp and filth in the flimsiest of shanties, thatch shacks and sidewalk leantos. The countryside is charred wasteland that either belongs to the Cambodian insurgents or is insecure, so the population huddles in the cities and towns, doing marginal work that never pays enough to feed a family adequately. Growing numbers of children and adults are taking to begging.

Under the Phnom Penh Government's distribution system each person is allowed 275 grams of rice at Government-controlled prices. The World Health Organization says a bare minimum daily diet is 450 grams. This means that those Cambodians—maybe hundreds of thousands of them—who cannot afford to buy any more rice at the black market price are simply going hungry.

In early 1970, just before the war began, rice was 6 riels a kilogram on the open market. Now it is 350.

Even when people can put together enough to buy rice, they have no money left for the supplements to balance their diet—fish, beef, vegetables and fruit.

In such conditions adults usually become only weak, but children begin to fail. The children have all the classic forms of malnutrition—kwashiorkor, marasmus, beri-beri and the vitamin deficiencies that lead to blindness—but they are succumbing also in their debilitated state to pneumonia, tuberculosis, dysentery and a host of other diseases. Virtually no child arrives at a clinic with only malnutrition.

"NO EXCUSE FOR IT"

"Kids are dying who shouldn't die," said Robert Beck, a World Vision doctor. "They die in our arms. It's hard to believe. There's no excuse for it."

Humanitarian relief for Cambodia has always been given a much lower priority by the White House than military aid. Ironically, the families of foot soldiers are among the worst sufferers here. They travel with their husbands and fathers and they are often shifted to a new battlefront suddenly, without food. The pay is sometimes late. Many of the children showing up at malnutrition clinics in Phnom Penh are children of soldiers—demoralizing truth for a government that is depending on its army for survival.

Although children are starving, the authorities here say that despite the latest insurgent offensive and the Mekong blockade, food supplies here right now are "adequate" for the next month or more.

"Up to now," said a Western diplomat, "the Cambodians have shown a tremendous ability to survive their physical hardship. But their strength has been sapped. And by now they've reached their limit and are beginning to topple."

[From the New York Times, Feb. 24, 1975]

MONTAGNARDS, DECIMATED BY THE WAR, SURVIVE IN MAKESHIFT REFUGEE TOWNS

(By Fox Butterfield)

DAK TO, SOUTH VIETNAM, February 17.—Late in the afternoon the montagnard women and old men come trudging back along the highway, the women carrying wicker baskets filled with firewood, and M-16 automatic rifles. The old men carry the babies.

There are few young men left in this makeshift district capital. They were almost all killed when the North Vietnamese overran the original Dak To in their 1972 spring offensive, and in repeated attacks before that.

Now the Saigon Government has herded the survivors of Dak To and its seven component villages together 35 miles to the south of the original town on this hard-scrabble site on the southern side of Kontum City. Out of a population of 33,000 in 1972, there are fewer than 10,000 here.

In Dak Po Dan village, made up of Sedang tribesmen, there are only 10 able-bodied men left.

Their fate is the fate of many of the montagnards, the aboriginal hill tribesmen of nonethnic Vietnamese origin who have suffered more than any other group in Vietnam from the war.

LOSS OF 300,000 ESTIMATED

Although there are no really accurate statistics available, an American with long experience in the Central Highlands, where most of the montagnards live, estimates that out of the one million in 1960, there are perhaps only 700,000 today. One study suggests that about 70 per cent of all montagnards have been made refugees by the war.

And resettlement, as here at Dak To, does not mean improvement in their living conditions.

Whether by accident or design, the new Dak To was deposited on Route 14 under the menacing shadow of Chupao Mountain, an infamous, rocky outcropping where for six weeks in 1972 North Vietnamese troops kept the only road between Kontum and Pleiku blocked. Dozens of B-52 strikes and ground assaults turned Chupao into a charred, cratered hulk, but did not dislodge the Communists; they later left by themselves.

Now the Sedang tribesmen have been given Chupao to farm on. "We were told we could have as much land as we want, but it does not grow," said the village chief of Dak Po Dan, a handsome dark-skinned man with a thick shock of black hair.

The Sedang women, in their traditional long black skirts, can be seen burning the brush and cutting away the remaining jungle cover on Chupao, so they can plant corn, manioc and rice. Because of the meager harvest, however, many of them must also hire themselves out as laborers to nearby Vietnamese farmers for 60 cents a day.

The clearing of the mountain, of course, has the advantage to the Government of making it more difficult for the Communists to take up ambush positions and thus has helped keep the vital road from Kontum to Pleiku open.

The Government did provide the tribesmen with tin roofing for their houses, which are otherwise made of split bamboo, and gave them a nine-month supply of rice when they first arrived. There is also a small elementary school.

But that was all. "It is second-class treatment," said the Rev. Gabriel Brice, a French Catholic priest who has lived with the Sedang since 1947.

Neglect, if not open contempt, has long characterized Vietnamese treatment of the montagnards, whom many Vietnamese call "moi," or "savage." In reaction, in the last few months an armed rebellion of dissident tribesmen has broken out in Darlac province to the south.

A SERIOUS THREAT JUST NOW

The rebellion poses a serious threat to the Government's control in the Highlands, where many isolated garrisons are manned largely by montagnard troops, it is particularly serious because it coincides with recently stepped up Communist attacks and with sudden growth of dissent among a wide range of long passive groups, including opposition politicians and the Cao Dai and Hoa Hao religious sects.

The montagnard rebellion has not spread to Dak To, but Father Brice, a gruff, cynical man with a white beard and skin chapped by constant exposure to the sun, does not see much hope for the future. "Toujours la guerre," he said, looking out over the Sedang's houses, which all have deep bunkers around them carved into the red clay soil.

On the wall of Father Brice's church there is a religious drawing of a lamb being slaughtered. And inexplicably, it is accompanied by some Commandments written in English: "Thou shalt not steal, thou shalt not commit adultery, thou shalt not kill."

[From the New York Times, Feb. 24, 1975]

SIEGE IN CAMBODIA TOWN TRAPS 30,000 REFUGEES

(By Sydney H. Schanberg)

NEAK LUONG, CAMBODIA, February 23.—This is a town where fear has become so normal that people hardly ever talk about it any more.

They simply spend their lives underground and out of sight—sleeping, eating and sometimes hushing their crying children as they huddle in sandbagged bunkers, in trenches under their stilted houses, or deep in the recesses of half-destroyed buildings.

Even so, the shells and bullets of the Communist-led insurgents that periodically explode and whine through town find their way to the people huddled there. The casualties mount—children, women, soldiers—but always more civilians than soldiers, because the shelling and shooting are blind.

There is no Government evacuation plan for the 30,000 people, mostly refugees from the countryside, who have massed in this isolated Mekong River town 38 miles southeast of Phnom Penh. A few can bribe their way out on Government helicopters, but the rest are trapped here until whatever is going to happen happens.

A month ago, in the early days of the siege of Neak Luong, the danger was all from the insurgents' shelling. Now there are new enemies—hunger and disease.

A fraction of the civilians—about 6,000—are being fed at subsistence level by a humanitarian agency. Catholic Relief Services, whose American-provided supplies will stretch only that far. The rest of the civil-

ians are living far below subsistence, on rice gruel or less.

Every child in Neak Luong is in some stage of malnourishment. "He's the best we have here," said a Filipino nurse, pointing to a bony 6-year-old boy hanging around the small Catholic relief hospital in hope of a handout. "He's in good health by our standards."

The children gather by the dozens around a Western newsman, holding out their hands like the mendicants they have been forced to become.

SLIPPING TOWARD DEATH

Some have swollen bellies. Some are shrunken. A 10-year-old girl has dehydrated to the size of a 4-year-old. Harsh bronchial coughs come from their throats, marking the beginnings of pneumonia and tuberculosis. All have dysentery. Their noses run continuously. Their skin has turned scaly. Every scratch on their legs and arms becomes an ulcer.

Without help, these children are slipping toward death. Others have already died.

Malnutrition is serious in Phnom Penh, the capital. But in Neak Luong it will soon become a disaster unless enough food is brought in to sustain these people adequately.

Some food is supplied by parachute drops and by helicopter, but almost all of this is for the military garrison. The civilians, as always in this five-year war, have no priority.

A few shops remain open in the center of town, but their owners are acting out of habit, for they have nothing of present value to sell—only old stocks of rubber sandals, beer, flashlight batteries and toothpaste.

Even when some rice does find its smuggled way to the market, it costs twice as much as in Phnom Penh, and very few can afford to buy it.

Neak Luong is the Phnom Penh Government's last major post on the lower Mekong. There are a few military beachheads farther down the river, but their hold is tenuous.

From the start of this year's insurgent offensive on New Year's Day, the Cambodian rebels seized control of two-thirds of the 60-mile stretch of river from Phnom Penh to the border with South Vietnam. By emplacing heavy guns on the banks, and more recently by mining the water, the insurgents have blockaded the river which used to serve as the route for 80 per cent or more of Phnom Penh's vital supplies of food, fuel and ammunition—all provided by American aid.

No river convoys have made the trip upstream from South Vietnam for nearly a month.

Phnom Penh is being temporarily supplied by airlift, however, and it already had sizable stocks on hand when the blockade began. Neak Luong's stocks are marginal and the town lives from day to day.

The occasional rockets that fall on Phnom Penh bear no resemblance to the steady shelling and machine-gun fusillades that rain on Neak Luong around the clock. Every building is marked with bullet and shrapnel holes—"air conditioning" as it is sardonically called here.

Though the Government forces will probably be able to hold Neak Luong, since they have enough heavy artillery and napalm bombs to keep the enemy forces from fighting their way in, they have been unable to push the insurgents out of shelling range. In fact, the insurgents are closer than they were a month ago, particularly northwest and east of the town. A month ago, there was only shelling from a distance: now the town is a target of close-in rifle fire.

Still, there is no noticeable panic here, for Cambodians are given more to fatalism than hysteria.

"Sir, please be careful, the bullets are coming this way," a Cambodian refugee worker says politely but without urgency to a visitor.

"Our work gets interrupted all the time," says the doctor at the Relief Hospital matter-of-factly. "Rockets fall and we have to run for cover."

The doctor's wooden barracks hospital has a good deal of "air-conditioning." Even as he talks, a rocket explodes about 100 yards away. And somewhere else in town there are new wounded and dead.

In a meadow on the northern edge of Neak Luong, a dozen gravely wounded soldiers lie on stretchers, awaiting evacuation by helicopter. They wait for a long time, and as they wait blood drips steadily thorugh their bandages.

"Help me, help me," a young soldier with a bleeding stomach wound cries out again, his head tossing in pain.

A medical corpsman standing beside him bends over slightly and waves away the flies that keep gathering on the bandage.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, I rise today to express support for the Genocide Convention and to emphasize the value of its indirect effects.

Acute nationalism, bred in a world too long without proper moral leadership and example, leads to exploitation of the weak by the strong—the most notorious and oft cited example being the Nazi persecution of the Jews during World War II. We, as Americans, seem to be falling prey to that same harmful chauvinism. Blinded by the veil of self-concern, we have lost sight of the benevolent goals of global coexistence which we habitually preach.

The Genocide Treaty would provide a desperately needed symbol to the people of the United States and the world. This symbol in ratification would remind Americans of an intended goal of morality in leadership and example that our Founding Fathers sought to achieve in the Declaration of Independence and the Bill of Rights. It is a morality dependent on an increased awareness of all people and peoples, which transcends all national borders.

I urge ratification as a gesture to reestablish world peace as the goal of this and all nations.

SUPPORT FOR THE EASTERN NEW MEXICO WATER PROJECT

Mr. MONTOYA. Mr. President, I am pleased to join my colleague from New Mexico in sponsoring legislation which would authorize the eastern New Mexico water supply project, which would serve several communities in eastern New Mexico. This project will make water available for the industrial and municipal uses of Clovis, Eunice, Hobbs, Jal, Lovington, Portales, San Jon, Tatum, Texico and other communities which may elect to participate.

The authorization of the eastern New Mexico water project will mean that areas of New Mexico which are on a collision course with a worsening water situation will obtain some relief. Estimates by experts in the field warn that the ground water supply, in the areas to be served by this project, will reach peak utilization by 1980, and will decline from that point on.

It shoud be noted that the water which will be provided by this project will not lead to uncontrolled growth in the area, but rather will allow service to be provided to essentially an existing population.

Mr. President, the Southern High Plains, which is the area of New Mexico which will be served by this project needs to have an assurance that water will be available to the area in perpetuity. This project would provide, on an annual basis, 40,280 acre-feet of water to the communities of eastern New Mexico who elect to participate. The water available from this project will help to conserve the ground water aquifer which currently supplies nearly all of the water used in the area for industrial, agricultural, and municipal purposes.

Mr. President, there is wide community support for this project, a necessary ingredient in any reclamation project. Also, the Bureau of Reclamation of the Department of the Interior has recommended that this project be authorized to be constructed, operated and maintained by the Secretary of the Interior. Support for this project has also come from State officials, including the distinguished State engineer, Mr. Steve Reynolds.

Mr. President, water is a commodity in short supply in New Mexico. This project holds out the promise of a new supply being available for future generations. I urge that the members of the Senate Interior Committee act quickly and favorably on this matter so that the full Senate can also act with dispatch on this very important bill.

SUPPORT FOR THE SCHOOL LUNCH AND CHILD NUTRITION ACT AMENDMENTS OF 1975—S. 850

Mr. KENNEDY. Mr. President, on February 4, President Ford announced his proposal to drastically cut federally funded nutrition programs for needy people.

The measure that is being introduced today to amend the School Lunch and Child Nutrition Act is specifically designed to continue those vital food assistance programs.

Across the Nation 650,000 women, infants and children receive diet supplements under programs the President plans to eliminate; 2.5 billion school lunches are provided annually to needy school children under the school lunch program that the administration seeks to reduce; tens of millions of young children get milk in school from the school milk programs that the administration would eliminate; and meals for children in day care centers, Head Start and in school breakfast programs would be taken away if the administration has its way.

I am particularly concerned about the need to enact the legislation introduced today by Senator McGovern and others of us who have been long time proponents of programs to feed needy children.

Recession and inflationary problems clearly demand a vigorous program to revitalize the economy. Yet the Federal

Government too often seems to believe that budget cuts must begin with those who would suffer the greatest. Nutritionists, physicians, and other health experts repeatedly insist that adequate nutritional benefits for children are required to lay the foundation for proper physical, mental, and emotional development. Denying food assistance to those young children who are most at risk is a sure way to court disaster.

Breakfast is the most important meal of the day for all age groups. It is especially important for children. Yet breakfast is the meal most likely to be missed. The failure to eat breakfast and the resulting effect upon the emotional and nutritional well-being of school age children is particularly striking. It represents a problem about which many persons are unaware, and one which cuts across all social and economic boundaries. The effect, however, is visited most severely upon those children who are most vulnerable—children from working class and poor families.

That statement appears in a report by the Massachusetts Advocacy Center on the school breakfast program in my home State.

Two years ago, less than 2 percent of all schoolchildren in the State ate school breakfasts. But the State legislature passed a law requiring all schools to provide breakfasts for needy children. Thus, failure to extend the Federal child nutrition programs means that State programs would simply collapse. That would be unfortunate.

All school feeding programs in Massachusetts' schools should reach the half million youngsters who are members of families with low incomes.

That is the reason I am so concerned about this legislation. For these amendments to the Child Nutrition Act will insure decent meals for so many children that do not receive them now.

Mr. President, I am pleased to be associated with this legislation and I intend to work for its timely passage.

EMERGENCE OF DUAL STANDARD SEEN IN BRITISH NORTH SEA OIL PLANS

Mr. DOLE. Mr. President, I wonder if this is not an appropriate time to acknowledge certain facts about the international environment that we all recognize, and that we have yet to come to grips with. We have a curious mentality in America, and I do not say it is entirely a bad thing, that prevents us from responding to or even acknowledging unfriendly acts on the part of our friends.

It is a bit like turning your head and holding your tongue when you notice one of your dinner guests pocketing the silver. In the same vein, when our friend, the Shah of Iran, leads the pack in boosting oil prices, we do not begin to wonder if he is not our friend after all. We find excuses for the action, we accept his protestations of friendship to spare him embarrassment, and we look down our noses at those OPEC states who are not so effectively represented by public relations counsel as the Shah may be.

Now that is a tradition maintained by our State Department, and they clearly love tradition, and I am not concerned here with making them unhappy.

RESPONSE TO OPEC ACTION

But when we see similarly unfriendly acts right in our own neighborhood, I think we need to recognize them for what they are.

The health of the entire world economic system today is at the mercy of the OPEC nations. If we choose not to treat hostile political acts for what they are, and respond in an appropriate manner, then we have to find some means of mitigating the effect of those acts. In the present instance, we have to come up with energy sources that are, first, cheap and plentiful; and second, not controlled by those who bear us grudges or have political ambitions, or wish us ill simply because we have been so generous toward them for so many years.

I understand that the acquisition of such cheap, plentiful, and protectable sources of energy is the purpose of Project Independence. At the rate we in the Congress are moving to accomplish the goals of that project, we may end up running our cars with rubberbands, but I know everyone's heart is in the right place, and maybe someday we will have some positive action in that area.

ALTERNATIVE OIL SOURCES

In the meantime, we are going to have to depend on such sources of energy, and specifically oil, as we can find outside the clutches of the OPEC nations.

One of those potential sources is in the North Sea in British territorial waters. As we know, a number of American companies bid for leases in the North Sea. They incurred certain contractual obligations, which the British Government would certainly have expected them to meet, and the British Government incurred contractual obligations as well.

BRITISH TAX ON NORTH SEA OIL

These companies undertook substantial financial risk to explore for oil and have undertaken further financial risk to prove discoveries and to prepare for production. Now that these risks—some of them—have paid off, and a major energy resource is about to become available, Mr. Wilson's government proposes to change the rules. Mr. Harold Lever, Wilson's economic and financial adviser, came with the Prime Minister on his recent visit, and has met with various officials of our Government and of the oil companies engaged in North Sea drilling, to say that their leases will be nationalized, either voluntarily, or by statute. And the oil will be subject to a tax, at a rate of 45 percent as announced yesterday, beyond corporate taxes and royalties.

The net result of all this is to render unprofitable in many instances ventures that might have been profitable and, thereby, energy-productive, if the British had elected to honor the commitments made when it first licensed the companies to drill in British waters.

And the most remarkable aspect of all this is that we have heard nothing whatsoever from the White House or the State Department or the entire host of proliferating bureaucracies being established to cope with the energy problem.

DUAL STANDARD SEEN

I find it especially remarkable as I look at the millions of barrels of American oil which the British Petroleum Co. is sitting on in Alaska. I find it remarkable when I consider the holdings of Shell Oil Co. in the United States. It seems to me that these and similar British holdings must be considered as the British program to nationalize the petroleum contracted for by American companies in Great Britain goes forward.

We must recognize Great Britain's desire to make a fair return on its own natural resources, and we recognize its right to do as it wishes in this matter—even if that involves abrogating contracts entered into in good faith. But it troubles me that the United States should persist in remaining subject to a dual standard of international responsibility and, I must say, of international morality.

Last fall, we heard a few murmurs about the fact that energy is as indispensable a commodity as food, and that if the United States were to be robbed blind for reduced amounts of the energy it needs, perhaps we ought to be less generous in supplying other nations with those commodities that we possess. And there was the predictable outcry against America. When other countries hold us up, they are exercising their sovereign rights. When we respond to protect ourselves, we are using blackmail.

OPEC EXAMPLE FOLLOWED

I think it is time, and well past time, to recognize that we do have some call on our friends and allies in the world. We have a right to expect them to honor contractual obligations toward our national companies as we honor theirs. We have a right to expect them to be as considerate of our needs as we have been of theirs. And we have a responsibility to pursue those expectations. Because by acquiescing in these international muggings, we invite their repetition.

Now that the OPEC nations have established a precedent, that they can threaten our vital interest with impunity, the British pursue the same course.

And they are not alone.

Canada is the major source of our imported oil. Prime Minister Trudeau paid us a friendly call a little more than a month ago, and told us he thought he might not let us have any more oil from Canada. Until that decision is made, the Canadians are matching OPEC price increases dollar for dollar. They have just increased their export charges on oil again, and we now pay $12 a barrel for Canadian oil. The people of Canada, at the same time, pay $6.50 per barrel.

Another source is immediately to our south, where substantial reserves of oil have been discovered. As soon as it was discovered, the Government of Mexico began talking to us like the Government of Saudi Arabia.

In the Norwegian sector of the North Sea, American companies are being threatened. The proposal there is to tax the take at 90 percent. That, of course, is confiscation—not taxation.

TIME TO END OUR SILENCE

We have invited much of this by our silence.

I think the time has come when we must admit that we need protection from our friends just as much as we need protection from those who are not our friends.

Mr. President, I ask unanimous consent to have printed in the RECORD a series of news clippings which pertain to, and explicate, the situation to which I refer.

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

[From Platt's Oilgram News Service, Nov. 14, 1974]

UNITED KINGDOM AIMS FOR "SUBSTANTIAL" HIKE IN GOVERNMENT TAKE WHILE KEEPING COMPANY INCENTIVE

NEW YORK October 13.—The British Labor government's oil policies are based on the "guiding principle" that the nation as a whole must benefit from the revenues furnished by its North Sea oil and gas fields, according to Lord Balogh, Minister of State for Energy.

Speaking at a Financial Times/Oil Daily "Oil and Governments" seminar here, he said that two consequences flow from this principle:

There must be a "substantial increase" in government take. (On his London departure for the seminar he had said that "a government take of 80% isn't far removed from what we are thinking about.")

The companies must be given a rate of return sufficient to keep them active in the North Sea. We want to see the North Sea developed as fast as is reasonably possible, "at least over the next years."

The British government has chosen participation as its method of achieving its oil and gas objectives, Lord Balogh said, adding that the government will retain the option for majority participation in future licenses and now negotiate for such participation in existing licenses.

He disclosed that Secretary of State for Energy has already written to all current licensees of commercial oil fields inviting them to participation talks "over the next few weeks" with the government's designated representatives (see 10/31 ONS).

Participation is the best way for the government to achieve its interests, he said, because it not only provides a "fair share" of profits but also provides direct knowledge in the operations of the oil industry.

At the same time, he added, participation is the best way of involving government in oil operations from the company point of view because it increases the cash flow through government contributions to costs and it has less effect on a company's rate of return than taxation.

The British government has established as a first priority the bringing in of oil production "as rapidly as possible" and building it up to "a substantial level as quickly as possible," the Energy Minister said. Meanwhile, he added, "we must be careful that we don't overprejudice our ability to control depletion rates later in the 1980s. . . ."

The government must eventually acquire the power to control development and production, the British official said.

He expressed full support of the British government for the OECD International Energy Program saying:

"Even though we shall be self-sufficient in oil by the end of the decade, this (international) cooperation is just as important for the UK as for other participants in the agreement."

Lord Balogh said it is necessary that existing North Sea licenses be renegotiated because "there is considerable economic rent, largely created by the quadrupling of oil prices in the past year, which neither the government nor the licensees foresaw when the licenses were issued."

Charles J. DiBona, American Petroleum Institute executive vice president, chided Lord Balogh on the renegotiation of existing leases "because they have proven to be successful." Such changing of the ground rules is inconsistent with economic theory that calls for success to be rewarded in proportion to the assumed risk and the risks taken by the companies exploring the North Sea were enormous, he said.

[From the Petroleum Intelligence Weekly, Dec. 2, 1974]

UNITED KINGDOM NORTH SEA TAX SEEN SLASHING OIL PROFIT HOPES

Speculative calculations indicate that oil company profit margins on British North Sea oil are likely to fall far short of an industry goal of at least $2 a barrel, as a result of the government's planned new oil and gas revenue tax. The profit margin could run from a likely $1.26 to an optimistic $1.78, according to reasonably justifiable numbers suggested to PIW last week by some industry sources. The $2 a barrel goal has been held necessary because of "unprecedentedly high" development costs. The government hasn't indicated what rate it has in mind for the new tax, and it won't be set officially until next spring. But calculations were being made on the basis it probably won't exceed 65% and is unlikely to be less than 45%. Other assumptions are that North Sea oil is currently worth at least $11 a barrel, operating costs will average $2 and development costs $1.50 (or effectively $2.25, since 150% of outlays will be deductible).

The new petroleum revenue tax (PRT) will clearly become Britain's chief source of revenue from the North Sea, and the present corporation income tax could even become less important than oil royalties. Should the price of oil decline to $6, company profit margins could fall to only 53¢ to 62¢ a barrel, the calculations indicate. In figuring the 52% corporation tax, interest and depreciation costs are estimated at $1.50 a barrel. Interest isn't deductible against PRT. The calculations below show how profit margins would work out with the above assumptions. (They don't show the effect of accelerated depreciation allowed on the corporation tax in initial years of output.)

	Petroleum revenue tax and assumed tax rate			
	$11 sales price		$6 sales price	
	65 percent	45 percent	65 percent	45 percent
Crude oil value	$11.00	$11.00	$6.00	$6.00
Less 12.5 percent royalty	−1.38	−1.38	−.75	−.75
Less operating cost	−2.00	−2.00	−2.00	−2.00
Less uplifted development cost	−2.25	−2.25	−2.25	−2.25
Taxable base	5.37	5.37	1.00	1.00
Petroleum revenue tax	3.49	2.42	.65	0.45
Corporation tax:				
Crude oil value	$11.00	$11.00	$6.00	$6.00
Less 12.5 percent royalty	−1.38	−1.38	−.75	−.75
Less operating cost	−2.00	−2.00	−2.00	−2.00
Less depreciation and interest	−1.50	−1.50	−1.50	−1.50
Less petroleum revenue	−3.49	−2.42	−.65	−.45
Taxable base	2.63	1.92	1.10	1.30
Corporation tax (at 52 percent rate)	1.37	1.92	0.57	0.68

	Petroleum revenue tax and assumed tax rate			
	$11 sales price		$6 sales price	
	65 percent	45 percent	65 percent	45 percent
Government take:				
Royalty	$1.38	$1.38	$0.75	$0.75
Petroleum revenue tax	3.49	2.42	.65	.45
Corporation	1.37	1.92	.57	.68
Total Government take	6.24	5.72	1.97	1.88
Company profit margin:				
Crude oil sales price	11.00	11.00	6.00	6.00
Less Government take	−6.24	−5.72	−1.97	−1.88
Less operating cost	−2.00	−2.00	−2.00	−2.00
Less depreciation and interest	−1.50	−1.50	−1.50	−1.50
Total	1.26	1.78	.53	.62

PROFIT MARGIN

Some oil companies last week were terming North Sea oil no better than a marginal operation under the proposed new tax. Should the government offer "good commercial terms" for purchase of a 51% interest in the oil fields, they'd now look favorably on such a transaction, one executive says. But he makes it clear the companies expect to be compensated for lost profits on the 51% of production they'd sell. A major complication remain the fact that the government wants to keep separate its discussions of participation and the new tax rate. The companies contend the two must be considered together.

[From Platt's Oilgram News Service, Dec. 9, 1974]

UNITED KINGDOM TELLS ITS PLANS FOR PRODUCING, REFINING, UTILIZING NORTH SEA OUTPUT

LONDON, December 12.—The British government's policies for producing, refining and marketing North Sea oil were disclosed by Secretary of State Eric Varley here today.

The government wants production built up "as quickly as possible" to a level of 2-million to 2.8-million b/d by 1980 and 2-million to 3-million b/d throughout the 1980s.

It expects that two-thirds of the output will be refined in the UK, which means that refining capacity should reach 3-million b/d in the early 1980s, compared with about 2.8-million currently. At the same time, the government is looking for an increase in upgraded refining capacity to produce more light ends, such as gasoline and naphtha, to cut imports of these products.

The remaining one-third would be used domestically or exported. "There will be a ready market in Europe and elsewhere for the remainder and we shall be able to get the benefit of the sulfur premium," Varley said.

Varley promised that the government's production policy wouldn't mean delays on development of finds already made up to the end of 1975 under existing licenses. If de-

lays on finds made in 1976 or later proved necessary, there would be full consultation with the companies, he added, "so that premature investment is avoided."

Also, he said, there won't be any cuts in production from current or 1975 discoveries "until 1982 at the earliest or until four years after the start of production, whichever is the later."

As for oil found after 1975 under an existing license, there would be no production cuts "until 150% of the capital investment in the field has been recovered," Varley said.

Wherever production cuts are necessary, they would "generally" be limited to 20% "at most," he added.

Varley said that authority for his office to control production rates would be requested in forthcoming oil legislation. "How or when such powers may be used in the 1980s and 1990s will depend on the extent of total finds, on the world oil market and on the demand for energy," he said. There would also be economic influences to consider so the government couldn't be "expected to define, before any oil has come ashore and when large parts of the sea remain unexplored, a long-term production pattern."

In the longer term, said Varley, the British National Oil Corp., to be set up by next year's petroleum bill, "could have an important role to play in exploring areas yet to be licensed and in establishing potential fields whose reserves could be husbanded or developed quickly in accordance with the widest national interest."

This, added Varley, "is for the future, and does not affect present licenses, but I think it right to state our more immediate intentions now." He also said that production plans for any finds made in the Celtic Sea shouldn't be regarded as settled.

In his statement on refining and marketing North Sea oil, Varley estimated that oil finds of between 2-million and 3-million b/d could be worth $11.65-billion at current prices.

UK oil demand is expected to be 2.4-million b/d in the early 1980s, he said, adding: "We shall not wish—nor would it be technically feasible—to meet all our demand from North Sea. Firstly, North Sea oil is unsuitable for making bitumen and lubricating oils and some imports of heavier crude are needed for this purpose. Secondly, it is very low in sulfur . . . and the oil is likely to command a substantial premium."

Varley pointed to the advantages of refining the oil in the UK to realize the higher value of products, but he added: "This extra value is uncertain in the next few years since there may be a world surplus of refining capacity and that may tend to depress product prices."

He said "we might reasonably expect" that two-thirds of the British North Sea oil output would be refined in Britain at existing refineries and at those already planned for southeastern England.

Varley said he would seek powers in the coming oil bill to insure that refinery development in future complied with national oil policy.

[From the Petroleum Intelligence Weekly, Jan. 6, 1975]

UNITED KINGDOM STIRS FEARS OF OIL TAKEOVER WITHOUT PAYMENT

Britain's effort to stave off a threatened year's delay in development of the North Sea Thistle oil field is having an unexpected side effect: It's aroused fears in some industry circles that companies could face backdoor nationalization without compensation if they're unable to raise their share of development funds for any proven find (PIW Dec. 30, p. 8). The government assured four of the six members of the so-called "Halibut group" that it would assume development obligations of either or both of the two others—United Canso and Tricentrol—should they default on their share of development obligations for Thistle. But the assurance "does not detail any guarantee of, or obligation towards" either United Canso or Tricentrol. The government wouldn't compensate them for any of their past costs, but would take their respective 20% and 10% shares of Thistle output.

Some oilmen find it particularly galling that the financing difficulties being experienced by two of Thistle's smaller partners—and now also Burmah Oil, as well as other (p. 3)—relate in part to uncertainties over the government's "petroleum revenue tax" and negotiations to buy 51% participation in North Sea fields. Soaring costs and reduced reserve estimates are also a factor.

In the Thistle case, however, the government would step into the breach only as a last resort, acting only if no other acceptable arrangement could be made regarding assignment of any defaulting partner's interests. Should either United Canso or Tricentrol default, the other four members of the Halibut group—Burmah Oil, Champlin, Santa Fe and Charterhouse—would have first call on acquiring their stakes. These could also be sold outside, the Burmah's own financial difficulties would appear to increase the chances this might be necessary. All U.K. license changes require government approval.

The Thistle guarantee is likened by some to the rescue operations the British Government has mounted—last week for Burmah Oil, and recently for some U.K. manufacturers. They regard these moves as quite different from forced nationalization. But they concede the end result could be the same.

[From the Oil and Gas Journal, Jan. 20, 1975]

UNITED KINGDOM RETHINKING NORTH SEA TAX POLICIES

The British Labour Government is having serious second thoughts on its tax policies toward North Sea oil operators. At press time a statement was due from Paymaster General Edmund Dell outlining the government's revised attitude.

The change stems from vigorous industry opposition and outspoken criticism of the tax proposals contained in the oil-taxation bill now before the House of Commons.

The oil companies have zeroed in on the application of a flat tax rate on a field-by-field basis, saying this could only hamper future investment in the sea and make development of some of the smaller fields uneconomic. Some, notably Amoco, have protested application of the tax to older producing gas fields in the southern North Sea. Amoco has run a series of full-page advertisements in British newspapers stating its case.

In its new approach, it's believed the government will yield to some of the industry criticism, especially in its approach to the taxing of smaller fields. It's also expected to backtrack on applying the tax to the southern gas fields, since this would amount to changing the rules in the middle of the game. But no change is expected in its demand for 51% participation in the northern oil and gas fields, though that too has come under industry fire as breach of contract.

Along that line, Harold Lever, chancellor of the Duchy of Lancaster, who has been a leading figure in negotiations with the oil companies on the participation issue, startled the industry on Jan. 10 when he said in a television interview that "they (the companies) are quite free to say no and it would be effective—it is their license and we respect the contractual obligations we have entered into."

There's no coercion or pressure of any kind placed upon the companies, Lever added. "Every move the government has made," he said, "has been open and fully respectful of our contractual obligations. So it will remain."

In its bid for the 51% participation, the government reportedly has assured the companies that its majority share of production will be made available to them on a buyback basis, and at discounts to cover compensation for its share.

Lever has expressed repeatedly his government's determination to acquire the majority control over North Sea oil operations, but he always emphasizes that it must be a "voluntary" act on the part of the oil companies. With Burmah Oil Co.'s recent acceptance "in principle" of 51% participation as part of its financial bailout by the Bank of England (OGJ, Jan. 6, p. 31), Lever acquired a trump card.

The Burmah affair, the withdrawal of Canada's United Canso through sale of its 20% interest in Thistle field to Germany's Deminex, and the several cuts in various exploration programs in the sea (OGJ, Jan. 13, p. 20), jolted government officials into realization that their policies are indeed endangering Britain's hopes for self-sufficiency in oil by 1980.

While last week's statement was expected to reflect some changes in governmental approach, no precise rate of taxation is expected to be announced until late February or early March.

UNITED CANSO

The deal to sell the British subsidiary of United Canso Oil & Gas Ltd., Calgary, to Deminex is subject to approval by the company directors and the British Government.

The German firm will acquire United Canso's 20% interest in North Sea's Thistle field and 50% of Celtic Sea Block 106/28.

Details of the proposed sale have not been disclosed.

The Canadian company has holdings in Canada, the United States, Australia, and Venezuela. A Norwegian subsidiary will continue to be owned outright by the parent company and plans eventual participation in the Norwegian sector of the North Sea.

NEW PLATFORM SITES

British industry received at least one encouragement last week when the government approved three new sites for offshore concrete platform construction at Portavadie on Loch Fyne and Campbeltown (which are in Argyllshire) and at Hunterston in Ayrshire. This brings the total of platform-construction sites to 10.

In making the announcement, the Department of Energy said "oil companies no longer need look overseas for their concrete platform requirements."

The House of Commons approved the Offshore Petroleum Development (Scotland) Bill on Jan. 14 by a vote of 192–155, a government majority of 37. It empowers the secretary of State for Scotland to acquire, either by agreement or through compulsion, any land in Scotland which is needed for exploration of North Sea oil. It also removes the requirement for a public hearing on such acquisitions.

FORTIES DELAYED

British Petroleum, meanwhile, said it has revised its drilling plan for its Forties field, which is 3 months behind schedule because of weather. It intends to drill into the most productive part of the structure in hopes of bringing the field on stream next August.

The company has two more production modules to mount on the Graythorpe One platform before it can commence development drilling.

In another development, Texaco North Sea UK said it has spudded the fourth well on its part of Brent Field in British Block 3/4, a 100% Texaco holding. New site is near the center of the block about 5 miles south of 3/4–3.

The Drillmaster rig will drill the new well.

Across the way in Norway, in the extreme southern portion of Norwegian waters close to the Danish demarcation line, Amoco

Norge scored what appeared to be a significant oil discovery in small fractional Block 2/11. The structure is believed to extend into Danish waters—and, if so, could lead to development there which could add to Denmark's meager production.

[From Reuters, Feb. 4, 1975]

BRITAIN'S OIL TAX STRUCTURE WILL BE READY SOON

NEW YORK, February 4.—British Govern- Cabinet Member Harold Lever said his government should have its tax structure for North Sea oil companies ready by the end of the month.

At a press conference here Lever said that the new tax structure would not be connected with the government's negotiations to acquire 51 percent holdings in oil fields in the North Sea. Lever is in charge of the negotiations.

He said the announcement of the tax structure would quicken the pace of the negotiations, which are currently at an informal level.

Lever, who is in New York for discussions with bankers and oil executives, said that the British government's participation plans were in no way aimed at increasing financial gain for the British government and that the oil companies should have no fear that they would lose money because of it.

Lever said Britain wanted the participation so that it could ultimately determine how its oil was used.

[From the Oil Daily, Jan. 24, 1975]

NORTH SEA FINANCING PROBLEMS MAY BE CAUSED BY UNCLEAR REGULATIONS

HOUSTON.—Small companies are having financial problems with their North Sea Operations because the British government has not detailed future participation and taxing policies, Oil Daily's international editor said here.

Addressing a world offshore forum sponsored by the Oil Daily and three other publications, Bart Collins said although exploration and development costs in the North Sea have doubled during the last year, the price of crude oil has gone up more than 400%.

Banks are unwilling to complete normal production financing arrangements until they can make a firm computation of debt servicing, principal repayment and overall profitability of North Sea field development, he said.

Collins urged the British government to keep its promise to reveal participation and taxation details in February.

The London Financial Times, Petroleum Times and Fairplay International Shipping Weekly joined The Oil Daily in sponsoring the forum.

[From Dow Jones, Feb. 4, 1975]

BRITISH OIL NEGOTIATOR SAYS GOVERNMENT OFFERS "A FAIR DEAL" ON NORTH SEA OIL

NEW YORK.—British oil negotiator Harold Lever at a press conference here reiterated his government's position that oil companies "won't lose financially" from planned 51 percent government takeover of British North Sea oil fields.

He added that if companies don't agree voluntarily to government participation the British Cabinet will accomplish the takeover by statutory powers. He added that the companies are "under no threat."

BRITISH NEGOTIATOR AND NORTH SEA OIL

NEW YORK.—British Oil Negotiator Harold Lever told a press conference here even if statutory powers are taken by the British cabinet the same principles of justice and "a fair deal" will be applied, he said.

Lever said the British government will give the companies "full and fair payment" for its participation. The British government will pay 51 percent of future costs plus an income factor to compensate the companies for past outlays, he said.

"All we want is control of 51 percent of the vital national resource coming from the North Sea", he said.

Lever said he was willing to guarantee the oil companies "more oil than they would lose" from accepting government participation by drawing on the government's available royalty oil.

Lever said he expects the government to announce its new tax rates on North Sea oil profits by the end of the month.

"The tax rates have nothing to do with participation," he said. "Were not holding the tax rate over companies heads to get better participation deals," Lever said.

U.K. OFFSHORE
OPERATORS ASSOCIATION, LTD.,
London, September 27, 1974.

C. E. H. TUCK, Esq.,
Head of Petroleum Production Division, Department of Energy, London.

DEAR SIR: In response to your invitation, the UKOOA wishes to offer the following comments on your letter of 3rd. September, 1974 concerning the Government's proposed legislation to control certain aspects of licensees' activities on the Continental Shelf.

The past policy of HMG has been to encourage exploration in the North Sea and the success record of industry has confirmed the wisdom of this policy as well as the ability and capability of the oil industry to cooperate in achieving national objectives, when given the opportunity to do so. Industry and Government by virtue of Production Licenses entered into firm contracts within the framework of existing laws and Regulations, which were believed binding for the full licence term and major obligations were undertaken on the basis of confidence in the integrity of contracts.

From the first days of exploration for gas in the southern part of the North Sea, industry has accepted the challenge and the financial risk of operating at the limit of current technology in a hostile environment which has grown increasingly severe as the search moved northwards.

Your letter of 3rd. September must be interpreted as a proposal to change a highly successful policy, and to legislate amendments to contracts (i.e. Licences) under whose terms companies and groups of companies have made heavy expenditures and have committed to high future investments.

Industry accepts that it may be necessary, and at times mutually beneficial, to modify legislation where it can be shown that the rules are inadequate or are not achieving their original purpose, but we submit that:

1. Government and industry have had an outstanding history of co-operative effort in relation to legislation and regulations and it is disappointing that the major changes comtemplated are proposed without adequate prior consultation and, further, that only a few weeks have been given to respond on matters of such vital importance.

2. The proposed legislation, which reflects a change in basic concept and fundamental policy, will in our view undoubtedly result in a slow down of activity due to the present and future uncertainties introduced, and will thus not contribute to the government's declared objective of making the U.K. self-sufficient in oil at the earliest possible date.

3. Once the Government enacts retroactive legislation, which would unilaterally amend existing contracts, a basic uncertainty and lack of trust would result between the Government, industry, and its sources of finance. Such loss of confidence and incentive would certainly be difficult to restore.

We agree that, if an industry does not carry out its agreed undertakings, government has not only the right but the obligation to take action and if necessary impose controls. However, we consider that the oil industry to date has conscientiously and effectively fulfilled its obligations.

We are not at this time in a position to submit a representative industry commentary on the 15 specific proposals listed in the attachment to your letter, because it is already apparent that considerable divergence of opinion exists as to the correct interpretation of some of the proposals. We accordingly suggest an early meeting to clarify the Government's intentions and assist us to prepare constructive comments.

Following this we would be ready, as in the past, to co-operate fully with the Petroleum Division in arriving at a framework of new regulations which would be acceptable to both the Government and Industry.

Your faithfully,

J. J. REYNOLDS,
President.

DEPARTMENT OF ENERGY,
London, September 3, 1974.

U.K. OFFSHORE OPERATORS ASSOCIATION,
London.

DEAR SIR: In his recent Statement of Government policy on offshore petroleum development, the Secretary of State for Energy said that amongst his proposals were new powers over licensees to control various aspects of their activities. I attach a note which sets out what we have in mind. Ms will be clear, the intention is to apply these changes to existing licenses by legislation. Licenses issued in future rounds would also be subject to these new arrangements which would be incorporated in Regulations made at the time. We shall need to consider later whether other changes are also desirable for future licenses.

The list is not necessarily exhaustive. There are some further aspects of royalty policy on which we have not yet formed a final view. Some minor and tidying-up changes in the present regulations may also be necessary. And we shall also want to take account of any suggestions for further changes made to us as a result of our consultations. Treatment of land licenses is still being considered.

I should like to emphasize that the Government is anxious to have the industry's views before deciding on the implementation of these proposals and to give full weight to the industry's legitimate interests. It would therefore be most useful for us if you could send us, if possible by 1 October, any comments you wish to make on our proposals or on any other changes you would like to suggest.

Your sincerely,

CLARENCE TUCK.

Enclosures.

1. CONTROL OVER THE RATE OF PRODUCTION

The Government proposed to take power to control the level of production in the national interest (in addition to the powers proposed in paragraphs 5 and 6 below). We recognize the importance of this question to the industry and would especially welcome their comments about how such a control could be operated most efficiently and equitably. In particular we recognize the industry's desire to achieve a reasonable level of profitability and to borrow to finance developments on reasonable terms, and invite suggestions about how to reconcile these objectives with the Government's ability to exercise effective control over production where necessary.

2. INTERIM DETERMINATION OF ROYALTY

The Secretary of State would be empowered to impose for all production where royalty value is disputed an interim settlement of the value of petroleum for royalty purposes, and to receive payment based on that value, until final determination of the value is made. This will involve the application to licenses issued under the first three rounds of the 1971 Amendments to the Pe-

troleum Production Regulations. When the final value has been established, any necessary adjustment would be made to correct previous over or under payment.

3. REMISSION OF ROYALTY

The Secretary of State would be empowered to remit royalty in whole or in part in order to encourage production which would not otherwise in his judgement be commercial. Notwithstanding the total or partial remission for a period, the Secretary of State would have power in respect of royalty for a later period to restore the full rate or further vary the rate.

4. ROYALTY IN KIND

The Secretary of State would be empowered to demand royalty to be paid in kind. Notice would be given of such intention an appropriate time before the start of the relevant royalty period, and similar notice would be given * * * of any financing agreement which the licensee had previously made.

The Secretary of State would be empowered to call for exploration programmes where in his opinion there was insufficient activity, to reject the proposed programme if he felt it to be unreasonable and unsatisfactory, and to revoke the license if no reasonable and satisfactory programme were implemented. Since most licensees would be unwilling to retain and pay for a block where there was little chance of a discovery, or to do nothing where the prospects were good, it is unlikely that this power would have to be used very frequently; but it would be necessary in a case where for one reason or another a licensee having completed his initial obligatory programme was unable, or unwilling, either to carry out further necessary work or to surrender his licence, voluntarily. Our general intention is only to ensure that as much exploration is carried out as may reasonably be expected of conscientious and efficient licensees.

6. DEVELOPMENT PLANS

The Secretary of State would be empowered to have development plans for all fields submitted to him for approval, to reject them if they were not in accordance with good oilfield practice, and to require revised plans to be submitted.

7. OWNERSHIP OF A LICENCE

The Secretary of State would be empowered to revoke a licence in the event of any substantial direct or indirect changes in the ownership or control of a licensee. We are proposing a power to revoke because it does not appear practical to require prior formal authorisation of all substantial changes in the ownership or control of a licensee. We are however willing to consider ways of reducing or eliminating the need for the sanction of revocation. There would for example be provision for giving the licensee an opportunity to reverse or modify changes of which he was not aware in advance. The Secretary of State would issue informal guidelines as to what changes of ownership or control he would regard as substantial so that licensee could as far as possible consult well in advance about any such proposals.

8. AGREEMENTS WITH THIRD PARTIES

Any arrangements whereby a party other than the licensee shares directly or indirectly in the profits of a licence would need to be submitted to the Secretary of State for his approval. The purpose of the power would be to give the Secretary of State an opportunity to monitor, and if necessary, control, illustrative and royalty agreements. The status of such agreements already in existence would not of course be affected and our general policy on illustrative agreements will be unchanged.

9. CHANGE OF OPERATOR

The Secretary of State would have power to require any proposed change of operator to be submitted to him for his approval. The Secretary of State would not unreasonably withhold such approval, and the power would not be used in such a way as to impede arrangements for the unitisation of a license. Present operators would of course be able to carry on without this approval.

10. PROVISION OF INFORMATION

The Secretary of State would have power to require a licensee to give him any information which he may specify relating to the licensee's operations. This power would cover financial as well as technical or geological information and information about purchasing policies and purchases of goods and services for UK offshore operations. It would also give the Secretary of State a reserve power to appoint an auditor or assessor to inspect a licensee's books and records where necessary.

11. RELEASE OF INFORMATION

The Secretary of State would be empowered to authorize the release of geological, technical and scientific information supplied to him along the general lines of the provision laid down in the 1971 Amendments to the Petroleum (Production) Regulations 1966.

12. CIVIL LIABILITY

All licensees would be required to satisfy the Secretary of State at any time that they had entered into arrangements which will ensure the * * * course of his operations at that time. This power would be deliberately phrased to allow licensees to make such arrangements as they and the Secretary of State considered to be appropriate for the peculiar circumstances and needs of each licensee. For instance, the power for pollution damage if arrangements made under it by a licensee were satisfactory to the Secretary of State; and would enable guarantees or bonds to be used if appropriate rather than straightforward insurance. The power would be such as to allow the licensee's insurance or other cover to evolve in step with the needs of his operations at any time.

13. FLARING AND REINJECTION OF GAS

All licensees would be required to seek the Secretary of State's permission before any gas was flared. Permission would be granted only if there were in the Secretary of State's judgment no practical alternative to such flaring. The power would be framed to take account of the possibility of an imperative need to flare gas in an emergency on safety grounds, in circumstances when it would not be practical to seek and obtain permission. The Secretary of State would also require proposals for the reinjection of gas to be submitted to him for his approval.

14. NON-FUEL USE OF GAS

The consent which S9 of the Continental Shelf Act 1964 requires the Secretary of State to give to supply of gas landed in the UK, if it is for non-fuel use, will be made discretionary, i.e., the Secretary of State will be empowered to give or withhold consent. This will put non-fuel use on all fours with other possible uses of Continental Shelf gas.

15. PIPELINES

The Secretary of State would have new powers over the construction, development and use of offshore pipelines. The powers would be independent of the license terms and would be directly applicable to any party engaged in the relevant activities. The chief features of the proposed legislation are as follows:

(i) the construction of all offshore pipelines would require the authorisation of the Secretary of State;

(ii) the Secretary of State could require lines to be constructed so that third parties might use them; or could require third party use, at charges fixed if necessary by him, in a pipeline already constructed. The provisions would facilitate the development of smaller fields and help to reduce the number of lines built;

(iii) the Secretary of State would have power to require measure to control pollution;

(iv) the Secretary of State would have power to impose requirements as to safety and health of workers, and as to construction standards;

(v) the Secretary of State would have power to call for any information about the operation, ownership and finances of a pipeline, on the same basis as information about production and exploration;

(vi) arrangements under which a person other than the pipeline owner shared in the profits of a pipeline would require the approval of the Secretary of State, who could give it subject to conditions.

WHAT ARE THE POLICY OPTIONS OPEN TO THE NEW PRODUCERS?

(Speech by Lord Balogh, Minister of State for Energy)

It is an honour and a privilege to have been asked to deliver the Opening Address at the Financial Times and Oil Daily Conference.

Having been an obstreperous academic critic, I have in my new incarnation acquired some first-hand knowledge of the subject of this conference from the Government side. The process of having become a Junior Minister at a time when my advancing years would normally have called for me to become less rather than more responsible is a strange one. I apologize in advance to those whom my transformation to a model of reticence and circumspection will surprise.

The theme of the Conference "Oil and Governments" could hardly be more opposite or important at a time when producer countries, oil consuming countries, and not least those countries who are, or hope to be self-sufficient in energy, all face major problems.

Turning now to the 'policy options open to new producers', their emergence reminds us of an important change taking place in the distribution of the oil-producing industry. Traditionally the consuming countries of Western Europe have drawn all or nearly all their oil supplies from unstable areas, with very low oil demand of their own, mainly in the Middle East. Recent discoveries in and around the North Sea—which we owe to the enterprise and technological skill of the oil industry—have transformed this prospect. It now looks as if the United Kingdom can become, by any standards, a major oil producer.

It is exceptionally difficult to estimate our future reserves and we are confronted here with the limits of technology and unforeseen difficulties may occur. On the other hand, we might have a breakthrough in being able to exploit more fully existing reserves and get access to new reserves at depth. This explains the very great discrepancies between estimates. My Department has been very conservative, and rightly so, as the plans must be founded on certainty rather than surmise. I myself have criticized this tendency when in opposition, but I quite understood it then and I understand it now and I have been transferred into a more responsible position.

We hope that by the beginning of the next decade we shall be able to produce 2–3 million barrels a day. That is to become more than self-sufficient. It will raise our status as oil producers to the level of Iraq, Libya and Canada. Professor Odell, whose estimates in the past have been surprisingly accurate, predicts an output of 8–10 barrels a day for the whole of the shelf—that is including Norway and other countries. There is at the moment, however, no firm evidence that these estimates can in the foreseeable future be converted into reality. As I have said, the UK is not the only country in this newly discovered territory. Norway will soon pro-

duce much more oil than she needs and has recently forecast production of 1 million barrels a day in the early 1980's; her ultimate potential is almost certainly much higher than this. The Netherlands have the biggest gas field in the world. As exploration intensifies, other neighbouring countries, like France, Denmark and Ireland, may also find substantial quantities of oil or gas.

If this change is important to the oil industry, it is vitally important to the countries themselves. Perhaps the most striking thing about the oil industry is the vast size of the sums involved. We expect by the beginning of the next decade to be producing, if current prices continue, oil to the value of £5,000 million a year or even more. The total value of oil reserves on the UK Continental Shelf at present prices could with further probable discoveries amount to more than £100,000 million. The balance of payments advantage we get will also be measured in thousands of millions of pounds. There will be big new opportunities too for our offshore supplying industry and encouragement for the growth of technologically advanced industries, like the petrochemical industry, in the U.K.

In short, the discovery of North Sea oil is perhaps the most important economic development in the UK since the Industrial Revolution. It is something on which we must get our policies right. If we go too far one way or the other, the penalties we have to pay as a nation could be very great. Hence, the intense public debate about it during the past two or three years and hence the high priority which the present Government has given to it.

The guiding principle of our policy is this. The nation as a whole must enjoy the participation in revenues furnished by the North Sea fields. There can be no doubt that at the moment there is considerable economic rent, largely created by the quadrupling of oil prices in the past year, which neither the Government nor the licensees foresaw when the licenses were issued. And this rent has accrued on a scarce and valuable resource, and one which by an Act of Parliament going as far back as 1934, belongs to the nation. We wish to end the period of uncertainty as soon as possible. We regret that the complexity of the problem has prevented us acting as quickly as we would have wished. I can assure the companies, however, that we shall do our utmost to be fair and say to the American companies in particular, that their interests will be safeguarded in strict equity with those in which British involvement is present.

From this guiding principle, two consequences flow. The first is that there must be a substantial increase in Government take. The Chancellor of the Exchequer will introduce into the House of Commons later this month a Bill to give effect to the new profits tax foreshadowed in the White Paper we published in July and in his Budget speech. The Secretary of State is inviting the companies to talks on participation, a subject I shall deal with separately. As to the rate of the tax, which has not yet been announced, it will be designed to get a fair share of benefits for the nation—while also giving the companies a fair deal. I hope that this assurance will be taken in the spirit it is given.

The second consequence—and this is one I want to emphasize—is that we intend to leave the companies a rate of return on their investment sufficient to keep them active in the North Sea. We do not want to do anything to discourage the companies. As I said earlier, we recognize and respect their considerable technical achievements in the North Sea and we hope we shall continue to have the benefit of their skill and expertise in developing it. Prospective profits even on the most conservative basis are such that this is, I am sure, consistent with a big increase in Government take and I would mislead you if I implied anything else. But we do not intend the increase to be so big that it will leave the companies with insufficient profits to retain their interest. Anything else would be against the interests of the United Kingdom. For the fact is that we and the companies have considerable identity of interest. We both, at least over the next years, want to see the North Sea developed as fast as is reasonably possible. In short, we intend to give a fair deal both to the nation and to the companies.

Our chosen method for doing so is participation. The White Paper issued in July said that it would be a condition of all future licenses that the State should have an option of majority participation, and that the Government would be inviting holders of current licences to negotiations to discuss majority participation in them also. The Prime Minister announced when the new Parliament met that Mr. Harold Lever would be in charge of the detailed negotiations assisted by Mr. Edmund Dell, who chaired the Public Accounts Committee, whose report on oil has become one of the classics of Government papers, and myself. I can now tell you that Eric Varley, the Secretary of State for Energy, wrote yesterday to each of the licensees for the oilfields so far declared commercial, to invite them to such talks with Mr. Lever over the next few weeks. We naturally hope that the negotiations will be quick and successful.

Why do we think participation is the best way of achieving the interests of the State and the companies? For the State it has the enormous advantage of not only providing a fair share of profits, but also giving it direct knowledge and expertise in the operations of the oil industry. Regulation from without, by edict, can never be as satisfactory for us as direct participation, as a partner, in the licence. Virtually every other oil-producing country in the world has therefore adopted participation as the right way for the State to involve itself in the operations of its oil industry. I can mention, outside OPEC, such countries as Norway, the Netherlands, Denmark, Australia, New Zealand, and the Canadian provinces. All the oil—and gas—producing members of the European Economic Community have participation in oil and gas in one form or another. So we are doing nothing very new or radical. We are following, not setting, examples.

I said that participation is also the best way from the company's point of view of involving the State in oil production. This is because the State contributes to costs, that is it increases the cash flow—a consideration of increasing importance in the North Sea today. Depending on the detailed terms agreed, the effect of participation on a company's rate of return can be much less than the effect of tax. Indeed, we would really like to regard participation as a form of partnership between public and private sectors to which each has something to contribute and from which each has something to gain. Perhaps I can emphasise one or two things about participation as we see it to dispel any possible misunderstandings. First, we hope to establish successful cooperation with the companies on participation. Secondly, we shall not discriminate between companies. Thirdly, we shall be very willing to listen to any proposals the companies put forward designed to make participation work on a fair and equitable basis. Finally, it must not be forgotten that capital depreciation which will be handled in an equitable way is perhaps the most important factor in determining internal rate of return.

This brings me to another topic which all new producers have to face: the problem of Depletion Policy. This is a subject which can raise a good deal of public interest because it is closely linked to that rather emotive word conservation. I do not wish to in any way underestimate the importance of conservation, but question whether it can ever be seen separately from broad aspects of economics. Oil and gas can only be used once. The objective of a depletion strategy is to ensure that they are used when they give the most benefit—this means balancing a high level of benefit over a shorter period against a lower level of benefit over a longer period. To do this, it is necessary to try to visualize the time when the production of hydrocarbons is declining or has ceased, as well as the time when a high rate of production is possible.

But having stated the broad objective, it is essential to underline the importance of the problem of uncertainty. There is uncertainty about the size of the reserves: this is very well illustrated by a glance at the bottom row of figures in a table* produced by my Department for a report to Parliament in May of this year. It showed estimated United Kingdom reserves in the areas already licensed running from a proven total of 895 million tons through probable and possible figures to a total for the three categories of roughly 3,000 million tons. We now know that we can count on much more than the lowest of these figures. But we are faced with great uncertainties in the range of reserves, as Professor Odell's recent calculations show, and the choices facing us could vary enormously between the extremes. Moreover, there is uncertainty about medium and long-term trends in world oil and gas supplies and their prices. The events of the last couple of years make it unnecessary to elaborate this point further.

But whilst it is necessary to consider the objectives of depletion policy and to emphasize the problem of uncertainty, we must be realistic. That we need oil is undisputed; the industrialized countries used oil for 57% of their energy needs in 1973 and it accounted for 46% of Britain's energy consumption in the same year. Whilst some degree of substitutions as between fuels can be undertaken, this tends to be a long term process. For example, one can decide to build more coal-fired or nuclear power stations in the future, to reduce dependence on oil for electricity generation. Such decisions have no effect on oil consumption now. One can also endeavor to save all forms of energy, oil amongst them, by improving the efficiency with which it is used. That is why the Government has set up the Advisory Council on Energy Conservation, which held its first meeting recently.

None of this alters the fact that there is no alternative for us at present but to rely very heavily on oil for our energy needs. Last year we used around 100 million tons, all of it imported. This dependence on imported oil puts the well-being of our industrialized society at risk in two ways. First, as we found out last winter, a shortfall in supplies can cause very great difficulties; any prolonged shortfall poses a serious threat to the entire functioning of our society. But, as we also found out last winter, and have been finding out ever since, even assured supplies, (and our present supplies are not assured even at the huge price we now have to pay) are a heavy burden on the balance of payments and thus on the standard of living of each and every one of us. In the first nine months of this year the cost of net oil imports was £2,000 million.

Against this background, our first priority is to bring production of oil in as rapidly as possible. We reaffirm the Government's determination as expressed in our White Paper to ensure that oil production from the Continental Shelf is built up to a substantial level as quickly as possible. The reality is that we must have this build up to indigenous production to ease our balance of payments problem and to increase our security of

*Department of Energy—Production and Reserves of Oil and Gas in the United Kingdom. Page 15.

supplies. But within this constraint we must be careful that we do not over-prejudice our ability to control depletion rates later in the 1980's should we be fortunate enough to prove to have very large reserves, and should a conservation policy involved control over rates of depletion appear to be advantageous to Britain and her trading partners.

But all this is on the widest national and international plane, and I should now turn to another dimension which has a strong bearing on the options facing us or any other new producer of oil. If we are to contemplate the ability to control rates of depletion of oil and gas, this means taking powers to do so—every producing country does this. At the moment our principal method of exercising choice has been in the timing and extent of licensing rounds. To this we must add the ability to control development and production. But the exercise of these powers must be harmonised both with the interests of the companies and the technical needs of maintaining and increasing recovery ratios. They will not be used in an arbitrary fashion. We are about to announce publicly how these powers will be used so that firms can plan sensibly and banks lend in the knowledge that their security will be safeguarded. We intend to minimise uncertainty about the Government's policy towards a great asset. We want to assure the maximum possible confidence about our intentions to those directly involved in the North Sea, to their creditors and our trading partners, but above all to the British people. We shall, therefore, have regard to the interest of companies who have invested or who are contemplating investment in offshore oil. We must have regard to the interests of banks, who may be called upon to finance development. We must have regard to the industries supplying equipment. As I have said earlier, we intend to leave the companies a rate of return on their investment sufficient to keep them active in the North Sea and commensurate with the risks involved in these operations.

I should now like to make some brief reference to the International Energy Agreement—to be signed in a few days' time—in which most of the major oil consuming countries will now be participating. We welcomed the initiative of Dr. Kissinger last year which resulted in the Washington Energy Conference being held. We welcomed too, the setting up at that Conference of the Energy Co-ordinating Group which has now resulted in this Agreement. We can derive some comfort that an Agreement of such complexity and detail should have been worked out in the space of nine short months and adhered to by so many countries.

The arrangements provide participants with equal ability to withstand the effects of major oil shortages for a very long period with the minimum of economic sacrifice. As you know, the Agreement provides a framework for further co-operation on energy conservation, the development of alternative sources of energy and related matters. And there are arrangements too for promoting co-operation between consumer and producer countries. We shall be looking for opportunities for purposeful discussions as well as for other forms of co-operation.

The British Government has always supported strongly the concept of international co-operation to deal with world energy problems, because it is clear that these can only be effectively tackled on a multinational basis. Even though we shall be self-sufficient in oil by the end of the decade, this co-operation is just as important for the UK as for other participants in the Agreement. It is vital to our economic interests that our trading partner should be strong. The Agreement gives powerful protection to the economies of all participants and that is why the Agreement is important to us.

May I sum up what was—because of the complexities of the problems—an unavoidably longish exposition.

We are determined—following the Manifesto on which we fought and won the recent election—to secure a large share for the nation of the discovery of British Shelf oil and gas, We shall, however, within this framework encourage oil companies to continue, indeed increase their activities in our waters, the excellence and inventiveness of whose activities we are the first to acknowledge. We have chosen participation as the main vehicle of a closer involvement in the work of exploration and development in order to secure knowhow and enable us to get automatic first-hand information on production costs and financial results. To fashion the means of implementation of this policy we shall form a British National Oil Corporation which will administer the public share in the great licensee consortia. Our tax and depreciation and depletion policy will be conceived so as to enable the oil companies to face the future with confidence and benefit fairly from past and future effort.

We shall in this way contribute to the restoration of the balance of the international energy market which has been disturbed, indeed shaken, by the sudden price-hike of OPEC. In the meantime, we are eager to participate in international physical and financial monetary arrangements to mitigate the immediate and unprecedented problems which have arisen as a result of that policy.

If my contribution to this expert forum has helped to a greater understanding and confidence in my Government's intentions and policies I shall be gratified.

Mr. DOLE. I further wish to have it noted that I have written to Senator LONG requesting that hearings be held by the appropriate subcommittee of the Finance Committee as rapidly as possible, with special concern focused on the North Sea question.

PETROLEUM CONSERVATION

Mr. BROCK. Mr. President, as the Congress considers various petroleum conservation measures, it is important that the regional effects of each be carefully studied. No one region of the Nation should be forced to bear a disproportionate share of the conservation burden. Likewise, no region should be allowed to avoid bearing its fair share of the burden.

Prof. William Johnson of George Washington University has prepared a number of tables on petroleum use and total energy use by State and by region. I ask unaminous consent that the tables be printed in the RECORD.

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

TABLE 1

Region	Total net petroleum and natural gas energy consumed in all nonindustrial sectors: Million Btu/capita	Rank	Total net energy consumed in all sectors: Million Btu/capita	Rank
New England	214.6	3	211	9
Middle Atlantic	180.4	6	229	7
East north-central	171.8	7	291	3
West north-central	212.9	4	270	5
South Atlantic	164.4	8	215	6
East south-central	150.7	9	273	4
West south-central	271.7	1	487	1
Mountain	219.7	2	313	2
Pacific	180.6	5	225	8
National average	191.3		287	

TABLE 2.—1972 ENERGY CONSUMPTION, BY REGION

	Petroleum consumed in transportation: Barrels per capita	Rank	Petroleum consumed in households and commerce: Barrels per capita	Rank	Petroleum consumed in all nonindustrial sectors: Barrels per capita	Rank	Petroleum consumed in all sectors: Barrels per capita	Rank
New England	12.6	8	14.1	1	34.1	1	36.8	1.
Middle Atlantic	12.4	9	8.5	2	25.5	2	27.1	3.
East north-central	13.6	7	5.3	4	19.8	8	21.5	8.
West north-central	16.8	3, 4	6.6	3	23.8	5	25.4	6.
South Atlantic	15.4	5	4.5	6	24.4	3	26.9	4.
East south-central	15.0	6	3.6	7, 8	19.0	9	20.5	9.
West south-central	19.2	1	3.6	7, 8	23.3	6	35.5	2.
Mountain	18.9	2	4.6	5	24.3	4	26.7	5.
Pacific	16.8	3, 4	2.3	9	21.3	7	23.2	7.
National average	15.4		5.6		23.7		28.8	

Source: U.S. Department of the Interior, "Fuel and Energy Data, United States by State and Region, 1972," Washington, D.C., 1974.

TABLE 3.—1972 ENERGY CONSUMPTION BY STATE

	Petroleum consumed in transportation		Petroleum consumed in households and commerce		Petroleum consumed in all nonindustrial sectors		Petroleum consumed in all sectors	
	Barrels per capita	Rank	Barrels per capita	Rank	Barrels per capita	Rank	Barrels per capita	Rank
National average	15.4		5.6		23.7		28.8	
Alabama	15.0	32	3.5	39	18.9	46	20.1	47
Alaska	33.7	1	9.4	10	45.2	1	50.5	2.
Arizona	17.0	18, 19	2.7	46	20.9	37, 38, 39	22.4	40.
Arkansas	17.0	18, 19	6.5	19, 20	25.7	19	27.2	24, 25.
California	16.5	24, 25, 26	1.2	50	20.1	41	21.8	43.
Colorado	17.5	16	4.2	35	22.2	33	23.4	36.
Connecticut	12.0	47	9.2	13	30.7	9	33.7	11.
Delaware	14.6	34	9.6	9	32.9	6	43.2	4.
Florida	16.9	20, 21	2.8	45		14	30.6	16.
Georgia	17.3	17	3.3	42, 43	21.8	35	24.0	34.
Hawaii	24.5	3	1.7	49	40.0	4	39.5	5.
Idaho	16.5	24, 25, 26	7.3	16	24.7	24	26.9	26.
Illinois	13.1	41, 42	5.4	25, 27, 28	19.9	42	22.3	41.
Indiana	16.9	20, 21	7.7	14	25.0	21	27.6	21.
Iowa	15.9	27	6.7	18	23.2	29	25.4	30.
Kansas	18.2	11, 12	4.0	36, 37, 38	22.7	31	24.7	31, 32.
Kentucky	14.1	35, 36	3.4	40, 41	17.7	48	19.8	48.
Louisiana	16.5	24, 25, 26	1.8	48	19.0	45	36.6	8.
Maine	17.7	14, 15	16.9	1	40.5	3	49.3	3.
Maryland and District of Columbia	12.2	45	6.9	17	25.3	20	24.3	22, 23.
Massachusetts	11.9	48	16.1	2	36.3	5	38.0	7.
Michigan	13.5	38, 39	5.1	30	19.8	43, 44	20.9	45.
Minnesota	15.4	28, 29	8.6	13	24.6	25	26.7	27.
Mississippi	15.3	30	5.0	31	22.0	34	24.1	33.
Missouri	16.8	22, 23	5.4	26, 27, 28	22.4	32	23.1	38.
Montana	20.9	5	6.1	23	27.4	17	31.6	12, 13.
Nebraska	18.3	10	6.2	22	24.9	22	26.1	29.
Nevada	24.1	4	4.9	32	29.5	11	31.0	14.
New Hampshire	12.6	44	15.6	3	31.4	7	35.3	9.
New Jersey	13.8	37	10.3	7	30.9	8	33.8	10.
New Mexico	19.8	7	4.0	36, 37, 38	24.8	23	27.3	22, 23.
New York	11.9	49	9.3	11, 12	26.3	18	27.2	24, 25.
North Carolina	14.1	35, 36	5.8	24	21.1	36	23.9	35.
North Dakota	19.4	8	9.3	11, 12	29.1	12, 13	30.9	15.
Ohio	13.1	41, 42	3.3	42, 43	16.7	49	18.1	50.
Oklahoma	17.7	14, 15	5.2	29	23.0	30	24.7	31, 32.
Oregon	16.8	22, 23	6.5	19, 20	23.5	28	26.2	28.
Pennsylvania	12.1	46	6.3	21	20.9	37, 38, 39	22.9	39.
Rhode Island	13.4	40	13.4	5	29.6	10	31.6	12, 13.
South Carolina	14.8	33	4.0	36, 37, 38	19.8	43, 44	22.2	42.
South Dakota	18.4	9	9.9	8	29.1	12, 13	30.0	19.
Tennessee	15.4	28, 29	2.9	44	18.4	47	19.4	49.
Texas	20.7	6	3.4	40, 41	24.4	26	39.1	6.
Utah	18.2	11, 12	4.5	34	24.0	27	28.1	20.
Vermont	13.5	38, 39	14.7	4	28.8	15	30.1	18.
Virginia	17.8	13	4.8	33	28.2	16	30.3	17.
Washington	15.2	31	5.4	26, 27, 28	20.9	37, 38, 39	23.2	37.
West Virginia	11.6	50	2.0	47	14.0	50	20.6	46.
Wisconsin	12.8	43	7.5	15	20.6	40	21.4	44.
Wyoming	31.8	2	10.9	6	43.3	2	50.6	1.
Mean	16.7		6.6		25.6		28.6	
Standard deviation	4.4		3.8		6.7		7.9	
Mean/standard deviation	3.8		1.7		3.8		3.6	

Source: U.S. Department of the Interior, "Fuel and Energy Data, United States by State and Region, 1972" Washington, D.C., 1974.

TABLE 4

	Petroleum consumed in all nonindustrial sectors		Total net energy consumed in all sectors	
	Million Btu/capita	Rank	Million Btu/capita	Rank
Alabama	67.7	49	314.0	11.
Alaska	38.4	50	542.0	3.
Arizona	198.8	18	230.0	34.
Arkansas	217.3	11	297.0	14.
California	186.5	29	215.0	42.
Colorado	214.7	12	275.0	20.
Connecticut	192.5	21	181.0	49.
Delaware	213.5	13	272.0	22.
Florida	193.2	19	165.0	50.
Georgia	155.7	41	222.0	35.
Hawaii	212.7	14	185.0	48.
Idaho	167.2	36	285.0	16.
Illinois	184.3	31	269.0	23.
Indiana	191.0	23, 24	399.0	6.
Iowa	206.2	17	368.0	25, 26.
Kansas	308.2	2	365.0	8.
Kentucky	149.5	40	261.0	27.
Louisiana	262.9	7	644.0	2.
Maine	233.6	10	274.0	21.
Maryland and D. of C	174.7	34	216.0	40, 41.
Massachusetts	234.8	9	218.0	38.
Michigan	174.2	35	268.0	25, 26.
Minnesota	191.8	22	259.0	28.
Mississippi	188.1	27	279.0	19.
Missouri	186.1	30	239.0	32.
Montana	210.3	16	363.0	9.
Nebraska	238.0	8	284.0	17.
Nevada	269.2	6	283.0	18.
New Hampshire	190.7	25	213.0	43.
New Jersey	211.5	15	220.0	36, 37.
New Mexico	271.9	5	390.0	7.
New York	183.6	32	192.0	46.
North Carolina	129.8	48	198.0	45.
North Dakota	191.0	23, 24	269.0	24.
Ohio	157.5	38	306.0	13.
Oklahoma	278.3	4	310.0	12.
Oregon	152.6	42	250.0	29.
Pennsylvania	156.4	39	291.0	15.
Rhode Island	189.4	26	207.0	44.
South Carolina	130.7	47	216.0	40, 41.
South Dakota	193.1	20	220.0	36, 37.
Tennessee	133.9	45	243.0	31.
Texas	282.5	3	506.0	4.
Utah	187.6	28	351.0	10.
Vermont	158.3	37	189.0	47.
Virginia	180.9	33	218.0	39.
Washington	136.2	44	247.0	30.
West Virginia	133.0	46	414.0	5.
Wisconsin	152.0	43	231.0	33.
Wyoming	372.8	1	684.0	1.
National average	191.3		287.0	
Mean	192.7		288.7	
Standard deviation	56.4		109.2	
Mean/standard deviation	3.4		2.6	

SURFACE MINING

Mr. FANNIN. Mr. President, the Senate Interior Committee today begins its markup of S. 7, the Surface Mining Control and Reclamation Act of 1975. At this time, I believe it is essential that my colleagues be aware of some of the developments since the Senate and the Congress last considered surface mining during the closing days of the 93d Congress. When the Senate last considered the adoption of the conference report of S. 425, in December 1974, I spoke against that bill for a variety of reasons, not the least of which was the projected loss of coal production which would result if the bill became law. The President agreed with my assessement and vetoed it. In this new Congress, the conference report was reintroduced on January 15 and is labeled S. 7. I said before that we have insured under this legislation that three results will follow from enactment of this bill:

First. The consumers of this Nation will pay more for electricity.

Second. This Nation will have less electricity available because of production shortages in the range of 15 to 50 million tons per year for the first year and 48 to 141 million tons per year thereafter.

Third. An estimated 46,980 jobs will be lost.

I repeat now there is no reason for the Congress to invalidate 32 State laws governing surface mining with a bill as defective as this. Sixteen of the largest coal producing States have amended their State laws with more stringent environmental standards to insure reclamation.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a survey of State surface coal mining programs compared with proposed Federal legislation as well as a survey of 15 States and recent amendments to their regulations for coal surface mining.

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

STATE SURFACE COAL MINING PROGRAMS COMPARED WITH PROPOSED FEDERAL LEGISLATION

SUMMARY CHART

The chart summarizes information obtained through telephone interviews with the official most concerned with coal surface mining in each state. The format contained thirty-one questions about permit and plan requirements, public notice requirements, performance bonds, requirements for abatement of pollution and siltation during the mining operation itself, the timing of the required reclamation, future land use, grading requirements, revegetation requirements and survival standards, penalties, budget, inspection procedures, number of outstanding permits, and orphaned mine site programs. The interviewees agreed that the format covered their state programs thoroughly and agreed with the overall assessment of their program relative to the proposed Federal program.

STATE LEGISLATION COMPARED TO PROPOSED FEDERAL LEGISLATION

States with coal surface mining	Year of basic law and years amended	Administrative		Environmental		Status of orphaned coal mine sites
		Less restrictive	As restrictive	Less restrictive	As restrictive	
Alabama	1969 Surface Mining Act	X		X		Fund getting started.
Alaska (1 surface coal operation)	Alaska Land Act 1960, amended 1964, 1966, 1969	Only 1 surface coal mine at present				No program, many old sites from old Federal lease program. The 1 operator reclaiming old sites.
Arizona	Coal being surface mined on Indian lands; no State laws to cover Indian lands. No other coal surface mining in State.					
Arkansas	Open cut and Land Reclamation Act, 1971	X		X		No provision for old mines.
California	No bituminous coal extraction—only lignite. A surface mining bill will be introduced next year.					
Colorado	Colorado Open Mining Land Reclamation Act, 1973	X			X	No program. New operations on old sites doing some reclamation.
Georgia	Georgia Surface Mining Act, 1967, effective statewide, Jan. 1, 1969.	X		X		No legislation concerning orphaned mine sites.
Idaho	Idaho Surface Mining Act, 1971, Idaho Dredging and Placer Mining Act of 1954, amended 1955, 1957, 1969, 1970, 1971.	X		X		No program.
Illinois	Surface Mine Conservation and Reclamation Act, 1971	X		X		No program. Some reclamation by new operators on sites.
Indiana	Surface Mine Reclamation Act of 1967, amended 1974, still have outstanding permits from 1941 law.	X			X	Have done an inventory of orphaned lands—6,000 acres.
Iowa	The surface mining law of 1967 amended in 1973	X		X		No program. Have 12,000 acres of old sites. New operations on old sites do reclamation.
Kansas (mining operation)	Mined Land Conservation and Reclamation Act of 1968, amended in 1974.	X		X		No progress.
Kentucky	XXVIII Kentucky laws, ch. 350, 1966, amended in 1972 and 1974.	X		X		A very small scale program of $1.5 million. State has purchased 600-700 acres, Job Corps doing grading.
Maryland	Strip mining laws of the State of Maryland, 1967, amended 1969, 1974.	X		X		Have a $30/acre tax for orphaned sites and new operations are reclaiming old sites.
Missouri	The land reclamation law, 1971	X			X	No program.
Montana	Strip Mining and Reclamation Act of 1973, amended in 1974.		X[1]		X[1]	Only one orphaned area of 1,000 acres being reclaimed privately.
New Mexico	1972 Coal Surface Mining Act	?		?		Only one large orphaned site that will be reclaimed as part of a new operation.
North Dakota (lignite only)	Reclamation of Strip Mined Lands, 1970, amended 1971, 1973.	X		X		No program.
Ohio	Law enacted in 1972	X			X	Have 300,000 acres unreclaimed mineral land. Have 4 cents per ton tax, but have not begun a program.
Oklahoma	The Mining Lands Reclamation Act, 1971, amended 1972.	X		X		Have mapped old sites; some reclamation being done by new operations.
Pennsylvania	Surface Mining Conservation and Reclamation Act, 1971 and clean stream law, amended in 1970.	X			X	New operators have reclaimed 35,000 acres in past 10 years. Orphaned sites reclaimed if part of a particular watershed pollution abatement program.
South Dakota	Surface mining land reclamation law of 1971, amended 1973.	X		X		No program.
Tennessee	Tennessee surface mining law, 1972, amended 1974	X		X		A program funded by fees. Currently cannot reclaim privately owned land except as part of an experimental or watershed program.
Texas	No State regulation of coal surface mining. Will soon be a top coal state. Bills defeated in last 2 sessions of legislature.					
Utah	No mined land reclamation law; currently no coal stripping, but there is a large quantity of high quality, low sulfur coal that is strippable.					
Virginia	Surface Mining of Coal Act, 1972, amended in 1974	X		X		Program begun in 1972, but have had to use funds for enforcement program, so only able to handle small acreages.
Washington (1 surface coal operation)	Surface Mine Reclamation Act, 1970	X		X		No program.
West Virginia	West Virginia Surface Mining and Reclamation Act of 1967, amended in 1971.	X			X	Have had a program for 10 years. Department spends 25 percent of time on this program.
Wyoming	Wyoming Environmental Quality Act, 1973, amended in 1974.	X			X	No program.

[1] Very high standards.

STATISTICS

States with ongoing strip mining operations:

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Missouri, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, Virginia, Washington, West Virginia, Wyoming.

(Utah has strippable coal, but it is not now being stripped.)

States with only one ongoing operation:

Alaska, Washington.

States having programs that approach proposed Federal standards administratively and environmentally:

Montana.

States having programs that approach proposed Federal standards environmentally:

Colorado, Indiana, Missouri, Montana (very high standards), Ohio, Pennsylvania, West Virginia, Wyoming.

States having no regulation of coal strip mining, but having strippable coal:

Arizona—strip mining on Indian lands; nowhere else at present.

California—lignite only; state will probably enact a strip mining bill next session.

Texas—legislature defeated bills last two sessions, one will be introduced next session.

Utah—no coal stripping but lots of strippable reserves that are low in sulfur; Governor has said there will be no stripping.

States with orphaned mine sites programs:

Alabama—fund just getting started.

Indiana—lands inventoried.

Kentucky—small scale program.

Maryland.

Ohio—has a 4-cent-per-ton tax for a fund, but has not begun a program.

Oklahoma—has mapped old sites.

Pennsylvania—old sites reclaimed if part of a watershed pollution abatement program.

Tennessee—cannot spend the money on private lands unless part of experimental or watershed program.

Virginia—program started but due to increase in permit applications funds used for enforcement.

West Virginia—program has been operating 10 years.

States enacting or amending legislation since January, 1972:

Colorado, Iowa, Kentucky, Maryland, Montana, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Virginia Wyoming.

SUMMARY OF STATISTICS

Twenty eight States have on-going coal strip mining operations. Of these, two have only one on-going operation. Twelve States produce 93 percent of the coal nationally mined (West Virginia, Kentucky, Pennsylvania, Illinois, Ohio, Virginia, Indiana, Alabama, Tennessee, Wyoming, New Mexico and Montana—1972 Minerals Yearbook). Each of these 12 States currently has regulations on surface mining.

Six of the 12 major producing States have high environmental standards, while only Montana has high administrative standards. Since 1970 all twelve States except Alabama have either enacted new coal mining legislation or amended old legislation.

Four of the 28 States with coal strip mining have no State regulation. In Texas, coal strip mining bills have been defeated in the last two sessions of the legislature, although coal mining is increasing. Utah has no coal stripping now but there is a substantial amount of strippable coal in the States. California's lignite strip mining is still not regulated by the State. Arizona's only coal stripping takes place on Indiana lands and is not regulated by the State.

Ten States have programs for reclaiming old mine sites. Only West Virginia and Pennsylvania have been able to do substantial amounts of orphaned mine site reclamation; the remaining States have programs which are just getting started. Virginia has had to use money from the orphaned mine fund for its enforcement program due to an increase in applications for coal strip mining.

FIFTEEN STATE SURVEY OF CHANGES IN STATE REGULATORY PROGRAMS FOR COAL SURFACE MINING

In this section we discuss the changes made in the state regulatory programs for fifteen states—the fifteen states with the most strippable coal reserves. These are in order:

Demonstrated strippable coal reserve by State in millions of short tons

Montana	42,562
Wyoming	23,674
North Dakota	16,003
Illinois	12,223
Alaska	7,399
Kentucky	7,354
West Virginia	5,212
Ohio	3,654
Missouri	3,414
Texas *	3,272
New Mexico	2,258
Indiana	1,674
Kansas *	1,388
Alabama	1,184
Pennsylvania	1,181

* Figures from the Office of Fossil Fuels differ from figures given by the regulatory agencies in Kansas and Texas, probably due to different measurement techniques and definitions.

Source.—Demonstrated Strippable Coal Reserve Base of the United States, January 1, 1974, Office of Fossil Fuels, U.S. Bureau of Mines.

The information for this section was gathered through telephone interviews with only the staff of the state regulatory agencies concerned with coal strip mining. The information gathered was on a general level rather than a specific level and cannot be considered comprehensive. There follows a list of changes in legislation and regulations for each state between 1971 and 1974, implementation of these changes, and a chart showing changes in the number of regulatory technical staff between 1971 and 1974, the production of surface mined coal in 1971 and in 1973, the number of mines in 1971 and 1974, the number of technical staff per mines in 1971 and 1974, and the number of technical staff per million tons of surface mined coal in 1971 and 1973.

CHANGES IN LAWS AND REGULATIONS GOVERNING COAL SURFACE MINING SINCE 1972

Montana—Unless otherwise noted, all changes made in 1973:

1. Under the Strip Mine Siting Act of 1974, provision made for regulation of access areas.
2. Contour mining banned.
3. Permits made annually renewable.
4. Bonding limits raised.
5. More specific information required in mining and reclamation plans—geologic cross sections, maps, ownership of minerals, wells.
6. Public notice.
7. Clear authority to deny permission to mine—under different sets of criteria.
8. Mandatory topsoil segregation and replacement.
9. Specific authority for citizen's mandamus.
10. Increased civil and criminal penalties, use of state attorney general instead of local attorneys general.

Implementation

The Siting Act of 1974 had a grandfather clause which only affected two small operations. These two companies are still mining under old contracts which allow them to mine without giving a resource inventory of access areas and to mine without saving topsoil, which they are doing voluntarily however. For the rest of the operations the old contracts were cancelled within six months after passage of the 1973 Act.

Wyoming—all changes made in 1973:

1. Surface land owner consent provision. Without consent the operator must post a damages bond.
2. Requirements for a permit application spelled out.
3. Reclamation plan submitted simultaneously with the mining application—both to be approved by surface owner.
4. The operator to publish a notice of intent to mine once a week for four consecutive weeks in the local newspaper.
5. Provision for written objections to plan and public hearings.
6. Creation of Environmental Quality Council, appointed by Governor.
7. A license to mine required for each permit.
8. The operator's annual report to include maps, cross sections, aerial photographs, a revised timetable of operations for reclamation and mining.
9. A special license required for exploration by dozing.
10. Bonding requirements increased.
11. Provision for solid waste management.
12. Penalties increased.
13. Increased provision for judicial review.
14. Requirement for publication and distribution of rules and regulations.
15. Increased provision for access to records.
16. Relief from taxation on pollution control investment.
17. Creation of advisory boards on pollution prevention, abatement, and control.

Implementation

Every operator must comply by July 1, 1975. Operations on new land which began after July 1, 1973, had to comply immediately. Getting sufficient detail from operators on old sites on how they plan to comply is difficult.

North Dakota—all changes made in 1973:

1. Requirement for regrading to rolling topography and original contour wherever possible unless land to go to other use requiring a different topography.
2. Provision for saving topsoil to a depth of two feet.
3. Bond raised.
4. Provision for reseeding as many times as necessary to reestablish vegetation.

Implementation

There was a grandfather clause, with no cut-off date for universal compliance. Old operations are encouraged to comply and most are regrading and reseeding, but are not saving topsoil.

Illinois—no changes made since 1971.

Alaska:

No legislative or regulatory changes since 1971. In 1972, however, the leasing stipulation included provision for a reclamation plan.

Kentucky:

1. Increased fees for permit with provision for half the money collected to go to the affected county (1972).
2. Increased bond (1972).
3. Water quality regulations introduced (1971).
4. Revegetation requirements increased (amount of seed, mulch, topsoil saving optional) (1973).
5. Concurrent reclamation (1973).
6. A liming requirement (1973).
7. Sediment dam requirement (1973).
8. Transportation plan requirement for hauling of coal on state and Federal highways (1974).
9. Bond increased further (1974).

10. Before grading bond released, the area must be limed to a pH of 5.5 (1974).

11. No permit issued if mining would adversely affect wild rivers (1974).

Implementation

The new laws became effective immediately. Violations of the new laws occur, but it is unclear how much of this is due to the old operation/new law problem and how much would occur anyway.

West Virginia—no changes since 1972.

Ohio—all changes made in 1972:

1. Grading to original contour required.
2. Topsoil segregation and saving provision.
3. Performance bond increased to the estimated actual amount of reclamation.
4. The plan must detail provisions for prevention of discharge of acid water and sediment.

Implementation

As operators applied for new licenses they came under new law. The rules, however, are before the State supreme court as being significantly different from those announced at a public hearing. The difficult point in the regulatory procedures is getting sufficient information into the plan.

Missouri:

The 1971 Land Reclamation law was the first reclamation law. Amendments will be proposed for the 1975 legislature.

Implementation

Any mining done after March 28, 1972 came under the new law. Operators applied for permits under the new law. Trouble with compliance was minimal due to cooperation between industry and environmental groups (after a fight) in proposing a law that both agreed to.

Texas:

No law regulating coal surface mining.

New Mexico:

Law passed in 1972. Prior to that there was no law regulating coal surface mining.

Implementation

All operations have come into compliance under permit renewal procedures.

Indiana—amended in 1974:

1. Bonds and fees increased
2. Entire bond can be held by Division of Reclamation until vegetation is reestablished.

Implementation

The new amendments were implemented as new permits were given. Holding the entire bond until revegetation is established has encouraged faster reclamation. Otherwise the operation having new permits do not differ significantly from pre-amendment operations.

Kansas—changes made in 1974:

1. Reclamation board moved from Department of Labor to State Corporation Commission.
2. Fees now depend on the number of acres actually affected by a mining operation previously were $50 per application.
3. Bond amount increased.
4. Regrading to be done with soil adequate to support plant growth comparable to previous growth.
5. The Reclamation Board increased from 9 to 13 members.

Implementations

The new law has a grandfather clause, but the old operations differ very little from the post-1974-law operations.

Alabama:

No changes have been made in the state coal surface mining regulatory program since the 1969 Surface Mining Act.

Pennsylvania—no changes since 1972:

FIFTEEN-STATE SURVEY

[Changes in regulatory technical staff[1] production of surface mined coal, and number of mines in the 15 States with the most strippable coal reserves]

State	Technical staff		Production of surface mined coal (in tons)		Number of mines		Staff per number of mines		Staff per million tons coal produced	
	1971	1974	1971	1973	1971	1974	1971	1974	1971	1973
Montana	1	13	7,000,000	16,000,000	3	7	0.33	1.86	0.14	0.81
Wyoming	1	5	8,700,000	14,840,000	10	11	.10	.45	.12	.34
North Dakota	½	2	5,821,076	7,183,364	14	12	.04	.17	.09	.28
Illinois	3	8	28,961,313	28,971,317	36	34	.08	.24	.10	.28
Alaska	0	0	786,000	900,000	1	1	0	0	0	0
Kentucky	4	11	66,469,795	64,145,581	842	703	.004	.02	.06	.17
West Virginia	18	43	25,914,742	19,791,256	[2] 335	[2] 261	.05	.16	.69	2.17
Ohio	7	35	38,570,000	9,558,000	267	377	.03	.09	.18	1.18
Missouri	1	2	4,000,000	4,654,000	9	13	.11	.15	.25	.43
Texas	0	0	(3)	(3)	2	3	0	0	0	[illegible]
New Mexico	0	[4] 5½	7,000,000	[5] 7,000,000	2	5	0	1.1	0	.79
Indiana	4	5	21,400,000	24,484,784	[2] 42	[2] 66	.10	.08	.19	.20
Kansas	1	0	1,153,252	1,308,012	6	4	.17	0	.83	0
Alabama	4	4	12,168,741	12,110,312	100	150	.04	.03	.33	.33
Pennsylvania	6	11	31,311,965	[5] 32,611,534	1,018	1,016	.005	.01	.19	.34

[1] Includes inspectors if they have technical training (defined as college level or higher training) in a field related to mining and/or reclamation.
[2] Permits.
[3] The U.S. Bureau of Mines does not release production figures due to the small number of mines.
[4] Actually 11 part-time inspectors.
[5] Amount of surface mined coal will be increased considerably for 1974.

Mr. FANNIN. Mr. President, I also wish to draw the attention of my colleagues to a resolution which was delivered to me and several of my colleagues from the Oklahoma Legislature. On January 22, 1975, the Oklahoma Legislature adopted House Concurrent Resolution No. 1002 urging the Federal Government to exempt Oklahoma, Kentucky, Pennsylvania, North Carolina, West Virginia, South Carolina, Tennessee, Maryland, and Indiana from any Federal law regulating land reclamation as a result of surface mining. This resolution demonstrates that these States have enacted strong, thorough surface mining laws which best meet the needs of their States. Thus, Federal legislation on this nature is not needed. Federal lands already are covered by regulations administered by the Secretary of the Interior.

Mr. President, I ask unanimous consent that the enrolled Oklahoma House Concurrent Resolution No. 1002 be printed in the RECORD.

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

HOUSE CONCURRENT RESOLUTION No. 1002

A concurrent resolution urging the Federal Government to exempt Oklahoma and the other member States of the Interstate Mining Compact from any Federal law regulating land reclamation as a result of surface mining; and directing distribution

Whereas, various members of Congress, representatives of federal and state agencies, representatives of environmental groups, and other interested persons met in April, 1964, to discuss the condition of the environment; and

Whereas, these individuals determined that the states had not fulfilled their responsibilities by requiring land reclamation in the coal mining industry; and

Whereas, they further stated that if the states assumed their responsibilities, Congress should not impose an arbitrary set of laws, rules and regulations on the states; and

Whereas, Oklahoma has accepted this responsibility by enacting "The Open Cut Land Reclamation Act" in 1967, which required the reclamation of land subjected to surface disturbance by open cut mining of any mineral; and

Whereas, through the efforts of the mining industry, this law was repealed in 1971 with the enactment of a stricter and more efficient reclamation law, "The Mining Lands Reclamation Act"; and

Whereas, as a result of the environmental meeting in April, 1964, eight other states not only passed reclamation laws covering the surface mining of coal and other minerals, but also joined together in the Interstate Mining Compact as a means of gathering and disseminating information and statistics and of coordinating efforts to obtain the most efficient method of reclamation; and

Whereas, the Compact States include Kentucky, Pennsylvania, North Carolina, Oklahoma, West Virginia, South Carolina, Tennessee, Maryland and Indiana; and

Whereas, the reclamation laws of these States have been effective, thus eliminating any need for a dual system of regulation; now, therefore, be it

Resolved by the House of Representatives of the 1st session of the 35th Oklahoma Legislature, the Senate concurring therein:

SECTION 1. That the federal government exempt Oklahoma and the other member States of the Interstate Mining Compact from any federal law regulating land reclamation as a result of surface mining.

SEC. 2. That authenticated copies of this Resolution be transmitted to the Honorable Gerald R. Ford, President of the United States of America; the Honorable Rogers C. B. Morton, Secretary of the Interior; the Federal Energy Administrator; to each member

of the Oklahoma Congressional Delegation; the Honorable John McClellan, United States Senate, State of Arkansas; the Honorable Henry Jackson, United States Senate, State of Washington; the Honorable Mike Mansfield, United States Senate, State of Montana; the Honorable Morris Udall, United States House of Representatives, State of Arizona; the Honorable Patsy Mink, United States House of Representatives, State of Hawaii; the Honorable James B. Edwards, Governor of South Carolina; the Honorable Arch A. Moore, Jr., Governor of West Virginia; the Honorable Milton J. Shapp, Governor of Pennsylvania; the Honorable Marvin Mandel, Governor of Maryland; the Honorable Julian Carroll, Governor of Kentucky; the Honorable James E. Holshouser, Jr., Governor of North Carolina; the Honorable Ray Blanton, Governor of Tennessee; and the Honorable Otis R. Bowen, Governor of Indiana.

Mr. FANNIN. Mr. President, earlier this week I placed in the RECORD a summary of the economic impact which S. 7 would have if the bill were enacted. This summary came from the Department of the Interior during a hearing on February 20. I now have available to supplement that analysis, an estimate of the increase in reclamation cost due to the proposed Surface Mining Act as it would relate to a specific coal company, the Pittsburg & Midway Coal Co. This Midwest company has quantified in terms of cost many of the bill's provisions on a per ton basis and then translated those costs to the ultimate recipient of electricity, the consumer.

In summary, coal currently is selling for approximately $5.50 per ton to a nearby utility. An estimated $4.42 per ton will be added, because of enactment of S. 7, plus an increase due to productivity losses. Using the fuel adjustment formula for the utility, the cost to the consumer will amount to at least an 8.4-percent increase over current rates which are already 18 percent above a year ago. Remember this 8.4-percent figure represents only the cost that can be estimated, because of the provision of S. 7 and does not reflect estimated costs to those States where a utility will be unable to purchase coal due to production losses and will be forced to rely upon imported high-priced foreign crude.

Mr. President, I ask unanimous consent that this entire analysis be printed in the RECORD.

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

PITTSBURG & MIDWAY MINING CO. ESTIMATE OF INCREASE IN RECLAMATION COSTS DUE TO: PROPOSED SURFACE COAL MINING CONTROL AND RECLAMATION ACT OF 1974

A: INTRODUCTION

The proposed Surface Mining Control and Reclamation Act legislation (S. 425) after its pocket veto by President Ford in December, 1974 has been reintroduced in the 94th Congress for its passage as S. 7 and H.R. 25. At the same time the Department of the Interior has recently proposed revision of 30 CFR part 211 regulations governing coal mining operations on public and Indian Lands. The most important and significant aspect of proposed revision of 30 CFR part 211 by the administration is that they would incorporate performance standards with respect to Federal Lands to reclaim lands in substantially the same manner as will be required in S.B. 425 of 93rd Congress (except for Sec. 712 thru 716 covering surface owner protection clauses).

B. ADDITIONAL COST TO THE COAL PRODUCER DUE TO NEW LEGISLATION

The proposed Federal Surface Coal Mining legislation or revision of 30 CFR part 211 regulations by the Department of Interior will result in incurring additional cost for reclamation and complying with many other provisions. However, it is not possible to relate explicitly all the specifics of the proposed legislation into additional cost to the producer due to degree of subjectivity involved in the interpretation of the act. There are some provisions of the act for which accurate costs can be estimated given a set of parameters. These are tangible costs and include items such as moving of spoil material, elimination of highwayy banks, grading of land to approximate contour level and the reclamation fee of 35¢ per ton of coal produced by surface coal mining for the restoration of previously mined areas. Most of these tangible costs have distinct relationship with spoil geometry, coal seam thickness and pitch, ground surface pitch, depth and slope of initial box cut and final highwall cut, type of equipment used for grading to original contour, spoil swell factor etc.

There are many other additional costs which will surely be incurred if the proposed legislation is approved; but these costs have no bearing on general mine parameters described above under tangible costs. The intangible costs include such items as cost of the publications of blasting schedules and contacting of people who might be affected by mining activities; cost of maintaining hydrologic integrity; costs involved in the analysis of all strata for toxic compounds; fees for posting reclamation bonds; the cost of litigation which is sure to arise out of adoption of the proposed legislation; cost of seeding, reseeding, fertilization and guaranteeing to grow vegetation on mined out areas for prolonged periods of time; cost of additional clerical personnel to maintain detailed records of mining activities and reclamation engineers to work on these problems etc. All these intangible costs are to a large extent dependent solely on the specific characteristics of a particular mining operation and thus there is difficulty in assigning an explicit relationship to any of these costs. However, we shall try to closely estimate these costs to represent Western strip coal mining areas.

C. TANGIBLE COSTS

In order to evaluate the tangible costs involved in the proposed legislation it is necessary to consider an idealized strip mine situation so that a model could be developed to aid in cost studies. Several assumptions are made to facilitate the creation of the model. These assumptions are:

(1) The coal seams are horizontal, homogeneous and uniform in thickness;

(2) The topography has a uniform slope increasing uniformly in the direction of mining and or Highwall;

(3) The width of mining cut is uniform regardless of overburden depth;

(4) Track type bulldozers and wheel tractor scrapers are used for regrading mined out areas to original contour level;

(5) Mining will continue until a final specified mining depth is reached, (in this case 200 ft. is specified);

(6) A uniform thickness of topsoil is prevalent throughout the mining area; and

(7) Strict adherence to the requirements of the legislation is maintained.

The model that is developed here requires that general mine parameters be specified. These parameters are as follows:

(1) the thickness of the coal seam in feet (1 to 100 feet);

(2) slope of the ground surface in degrees (2 to 20 degrees);

(3) depth to the top of the coal seam at the box-cut (25');

(4) the final mining depth to the coal (200');

(5) the swell factor of the overburden material (25%);

(6) the slope angle of the highwall (67 degrees) and the slope angle of the spoil piles (39 degrees) measured in degrees from a horizontal reference;

(7) the width of each mining cut in feet (100 ft.);

D. INTANGIBLE COSTS

As was mentioned elsewhere in this report, the intangible costs are largely dependent solely on the specific characteristics of a particular mining operation. However, an attempt will be made here to generalize these costs to fit all strip coal mining situations in the Western U.S.:

Proposed article in S.B. 425, effect, and additional intangible cost/acre in 1975 dollars

502(f)(1); there will be at least one inspector every 3 months without advance notice; negligible.

505(b); any State law or regulation that is more stringent than the Federal Regulation will not be inconsistent with the Federal Regulation. And Federal Regulation which is more stringent than the State regulation shall not be considered inconsistent; ignored.

505(c) mining must commence within three years of the issuing of the permit; negligible.

507(b)(6); the specific mining plan has to be published in a newspaper of general circulation for four successive weeks prior to the application for the permit; $3.

507(b)(11); a determination of the hydrologic consequences of the mining and Reclamation must accompany the application permit (assume one hole/100 acres @ 500 ft. depth); $100.

507(b)(16); all drillhole logs, coal seam thickness data, coal seam analysis, chemical analysis of potentially acid or toxic horizons and stratum lying immediately underneath the coal to be mined are to accompany the application for mining permit (assume one hole/50 acres @ 200 ft. depth and analyze 10 soil samples and 10 coal proximate and ultimate analyses); $50.

509(a); a reclamation bond of no less than $10,000 shall be filed with the regulatory authority. The amount of the bond is determined by the authority. (Assume $2,000/Acre bond for an average life of 5 years @ ½% bond fee annually assume also that 100 acres will be distributed annually); $25.

510(b)(5); stopping adverse effect on valley floors underlain by unconsolidated stream laid deposits so that farming and ranching can be practiced; $100.

513(b); any person with a valid legal interest or the officer or head of any Federal, State or Local governmental agency shall have the right to file objections to the proposed initial or revised application for mining permit. (Assume a 5000 acre lease would have at least two law suits to this effect incurring $5,000/site—a one time cost); $2.

515(b)(2); restore land to higher or better uses in such a manner as to not create a public hazard vegetation, reseeding for 5 years fertilizing, etc.; $700.

514(b)(4); stabilize all surfaces to effectively control erosion; $50.

515(b)(10(A); minimize the disturbance to the prevailing hydrologic balance by (a) preventing water or removing water from contact with toxic materials (b) treating drainage to reduce toxic content, and (c) casing, sealing or otherwise managing bore holes; $50.

515(b)(10)(B); the suspended solids content of any surface water is not allowed to increase above premium levels (Need additional water impoundments); $100.

515(b)(10)(C); all temporary or large sil-

tation structures must be removed from drainage after revegetation; $25.

515(b)(10)(D); the recharge capacity of any aquifer must be restored to premium conditions; we can't even venture to estimate such a cost which could be tremendous.

515(b)(10)(E); the hydrologic integrity of alluvial valley floors in arid and semi arid areas of the country must be maintained. (Assume General Hydrology not including recharge of aquifers); $550.

515(b)(11); all refuse materials including coal processing wastes must be compacted in layers, contoured and revegetated; $250.

515(b)(15)(A); provide written notice of all blasts to local governments and residents who might be affected. A log of all blocks, and magnitudes must be kept for two years. (Assume 2 men will be working one shift/day to meet this regulation—100 acres will be mined annually); $300.

517(b)(2); if an aquifer which significantly influences groundwater on or adjacent to the mine is disturbed then the operator shall (a) monitor the quality and quantity of surface drainage as desired by the mining authority, (b) keep track of all precipitation and (c) keep all well logs and borehole data; $50.

521(a)(2); the Federal government can order an immediate cessation of surface coal mining for non compliance with the proposed regulation; ?

527(c); for coal mines west of the 100th meridian which involve multiple seams additional regulations will be forthcoming; ?

Sec. 716; surface owner protection clause; $100.

All other regulations—unforeseen circumstances, citizens suits, legal staff, litigations, penalties etc.; $145.

Grand total intangible costs, $2,600.

[Due to mechanical limitations the tables referred to will be printed in a subsequent edition of the RECORD.]

Mr. FANNIN. Mr. President, I read with interest the recent U.S. News & World Report article "Those Shocking Electric Bills and the Complaints They Bring" dated February 24, 1975. It reported that anger at soaring utility rates is spreading like wildfire across this country, causing some people to react by cutting their power off completely and other consumers to cut back their usage drastically. The power companies have been hit by higher fuel prices, higher interest rates on capital needs for expanded generator capacity, the astronomical cost of environmental controls, and finally, inflation. This report charts the rising cost of electricity in many areas, including Washington, D.C., where electric rates have increased in 1 year, 1973–74, 25.1 percent. Power rates are up 19.3 percent in Atlanta, 29.1 percent in Cleveland, 32.8 percent in Boston, 21.7 percent in Los Angeles, and 37.6 percent in New York City.

Surface mined coal provides more than one-half of the feed stock for utilities in this country. The coal industry last year produced nearly 600 million tons and the future demand for coal mounts every day because of the pressure caused by high priced foreign crude oil, and yet the Congress is hellbent on passing a surface mining bill that will result in a loss of from 48 to 141 million tons of coal. For every million tons of strip coal production lost, 3,333,000 barrels of oil will be required as an alternative fuel at least in Arizona, because of the Btu content of coal available there and because neither natural gas nor nuclear power are available in the short term. To substitute this 3,333,000 barrels of oil for each million tons of coal will cost the Arizona electric consumer over $37 million per year per million tons. Even proponents of this bill such as Senator JACKSON and Representative UDALL concede the bill will increase coal production costs. There is no doubt that consumers will be asked to pay very heavily for the folly of this Congress if we ignore all of the economic impacts and pass this surface mining bill.

Mr. President, there is one other pertinent set of facts which resulted from the Interior Committee's hearings on February 10, 1975. The Department of the Interior responded to written questions from both the House and the Senate on specific provisions of the bill vis-a-vis the administration's bill, S. 652. I ask unanimous consent that these questions and answers be printed in the RECORD.

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

QUESTION FROM FRED CRAFT, MINORITY COUNSEL, SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE

QUESTION

Assuming that any surface mining legislation approved by the Congress and the President would result in the loss of some annual production of surface mining coal, is it possible for the industry to compensate for this loss without the resumption of leasing of federally-owned coal?

ANSWER

It is not possible to answer this question with an unqualified Yes or No. Whereas significant reserves of coal are now under lease, about half of the mining units involving Federal coal leases are already under long term contracts. It does not logically follow that the remaining Federal leases are located in relation to existing mining operations which would guarantee that those operations could continue and be expanded without additional Federal leases and prospecting permits. Also, many power plants cannot readily be converted from one coal to another.

It can only be categorically stated that it would be indeed more probable that the estimated loss of production could be recaptured after a few years by existing or new operations if the leasing of federally-owned coal was resumed. Conversely it can be assumed that it will be more difficult and less probable that the loss of production due to the passage of a surface mine bill can be recaptured if Federal leasing is not resumed. Only a precise analysis of each ongoing operation and its adjacency to Federally-owned coal could reflect each individual probability for the need for additional leasing so as not to disrupt ongoing operations.

QUESTIONS SUBMITTED FOR SENATOR RICHARD STONE, FLORIDA

QUESTION

1. What application does the S. 652 bill have to minerals other than coal? If the bill does, in fact, apply to minerals other than coal, what research has been conducted on the economic impact of the bill on these minerals?

ANSWER

The Administration bill as well as S. 7 applies to minerals other than coal in the aspects. Title VI of S. 7 and Title V of the Administration bill give the Secretary the Authority to designate Federal lands unsuitable for mining operations for minerals or materials other than coal. Before such an action is taken a public hearing must be held and valid existing rights are not to be affected by such a designation. Exploration is not to be prevented.

Section 711 of S. 7 and Section 609 of the Administration bill call for a study of reclamation standards for surface mining of other minerals. The study is to be completed within eighteen months (twelve for sand and gravel) and is for the purpose of determining whether standards of the coal legislation could be applied to other minerals, and for discussing alternative mechanisms for reclamation.

Inasmuch as no valid existing rights are to be affected by the designation of lands unsuitable for mining and inasmuch as the study will have no immediate impact, there should be no immediate economic impact of this bill in its application to minerals other than coal.

To the degree that reclamation standards and technology comparable to those required by the proposed legislation were to be imposed upon the mining of other minerals than coal, costs comparable to those projected for this bill would be anticipated.

Finally, S. 7 and H.R. 25 would establish a State Mining and Minerals Resources and Research Institute program which could include research on all minerals. However, the Administration bill deletes this title because it represents an unnecessary new spending program, duplicates existing authorities for the conduct of research, and could fragment existing research efforts already supported by the Federal government.

QUESTION

2. What provisions are in the bill to prohibit mining of land considered "unsuitable"? If such provisions are in the bill, what safeguards are there to prevent capricious and arbitrary designation of such "unsuitable" lands?

ANSWER

Each bill contains provisions to prohibit the mining of land designated unsuitable for surface coal mining. The Administration bill varies from S. 7 in several instances. A public hearing on a request for such a designation, although provided for, is not mandatory in every case as required by S. 7. The Administration bill does not institute a total ban on surface coal mining in the National Forests as does S. 7. The Administration bill does not prohibit mine access or haulage roads from joining public roads as S. 7 might be interpreted to do.

The Administration bill and S. 7 prevent capricious and arbitrary designations of lands as unsuitable for surface coal mining by providing for public hearings, written decisions, prior to any such designation, the preparation of a detailed statement concerning the impact of such a designation, and, under other sections, judicial review. It is also expressly provided in both bills that no lands may be designated as unsuitable on which operations are being conducted on the date of enactment or where substantial legal and financial commitments were made prior to September 1, 1974.

QUESTION

3. What provisions are contained in the bill for appraisal of other surface mining industries and possible need to extend the provisions of this bill to those minerals? Who makes the determination, and upon what guidelines, as to the need for such remedial legislation with respect to other minerals?

ANSWER

As stated in the answer to Question 1, each bill provides for an 18 month (12 in the case of sand and gravel) study of the need for reclamation standards for surface mining of other minerals. The study is to be conducted by the National Academy of Sciences-National Academy of Engineering, or other en-

tities as contracted with by the Chairman of the Council on Environmental Quality. The Congress, based upon the recommendations of the President and the results of the study, of course, will make the determination as to the need for remedial legislation with respect to other minerals.

QUESTION

4. What provision does the bill make for avoidance of conflicts and overlapping authority with regulations of EPA and other government agencies?

ANSWER

Both bills provide that nothing in the bill shall be construed as superseding, amending, modifying, or repealing a large number of Acts, including the National Environmental Policy Act of 1969. They also provide that nothing in them shall effect in any way the authority of any Federal Agency to include surface mining regulations in instruments dealing with lands under their jurisdiction. Each bill also requires each Federal Agency to cooperate with the States and the Secretary of the Interior to the greatest extent practicable in carrying out the provisions of this Act.

Each bill contains requirement that the Secretary of the Interior obtain the written concurrence of the Administrator of the Environmental Protection Agency with respect to those regulations and those sections of State programs which relate to air or water quality standards. Each requires the Secretary, prior to approving a State program, to solicit and publicly disclose the views of EPA, the Secretary of Agriculture, and the heads of other Federal agencies concerned with or having expertise pertinent to the proposed State programs.

QUESTION

Since the amount of coal contained within alluvial valley floors is tiny compared with other strippable coal reserves in the West, is it not an unnecessary sacrifice of our most valuable and productive agricultural lands to strip in these areas?

ANSWER

In the absence of a clear understanding of the extent of alluvial valley floors, it is difficult to accept a characterization of strippable alluvial reserves as "tiny" compared to other Western reserves. But even should this ratio be later determined to be relatively low, it does not alter the fact that over the next decade, reserves contained in Western alluvial floors could constitute a significantly low, it does not alter the fact that over burden is significantly shallower and easier to remove than in other strippable reserves, making them within the foreseeable future a more economically viable source of energy supply. Economic considerations should be allowed to play their legitimate role in determining the use at any given time for lands for which several uses are possible, always assuming that these considerations include the full cost for reclamation for further use. Because we believe that reclamation of alluvial valley floors is possible, and that where such possibility does not clearly exist mining should not proceed, no "sacrifice" of agricultural lands is seen as forthcoming or necessary.

QUESTION

Why is the Administration advocating language which would exempt "potential" farming or ranching lands from restrictions on permits to mine through alluvial valley floors, when coal companies in Montana are supporting such language in State legislation?

ANSWER

The Administration believes that without this qualification a stringent interpretation of the permit issuance provision could bring to a halt much new coal production in alluvial valley floors in the West. It is our understanding that similar but not identical language is reluctantly endorsed by several surface coal mining companies in legislation now before the Montana legislature. They apparently believe that while this language will not immediately impact ongoing operations, eventually very large amounts of reserves will be sterilized. New mining operations in the West would have to develop reserves located in different areas where mining costs were significantly higher.

QUESTION

Does the Mine Enforcement Safety Administration (MESA) sanction strip mining within 500 feet of active underground mines?

ANSWER

At the present time the Mine Enforcement Safety Administration does not contain in its regulations a prohibition of mining within a certain distance of an active underground mine and does permit mining within 500 feet of active mines where such activities do not endanger miners safety.

One of the purposes of this bill is to encourage full recovery and use of our Nation's resources. To accomplish this end every effort, within the bounds of mineworkers safety and environmentally sound practice, should be utilized. The same reasoning for which the Administration advocated the removal of the restrictions on mining within 500 feet of abandoned mines would apply to the restriction so placed on active mines. The barrier pillar which would remain between a stripping operation and an active underground mine could constitute an unnecessary resource loss which might not be recovered at a later time. It is our view that if this resource could be mined without endangering the safety of the miners involved, then it should be mined.

VIOLATIONS OF THE ACT: IMMUNITY FOR COAL COMPANIES

Question

Is not the effect of [the] Administration [citizen suit] amendment an attempt by the industry and the Administration to do an "end-run" on Congress? Is not the effect of immunity from the provisions of the Act another way of saying that Congress can spend four years debating a piece of legislation only to have the executive branch—through the promulgation and enforcement of regulations—broadly interpret the Act, while giving the industry immunity from violating provisions of the Act?

Answer

The Administration supports the use of citizen suits as an enforcement device in surface mining legislation. Under the Administration provision suits would be allowed to compel mine operator compliance with applicable rules, regulations, permits and orders—that is requirements specifically applicable to the operator. Citizen suits would not be permitted against operators where it was alleged that the regulations or permit were in violation of the Act. To remedy such situations, suit should be brought against the regulatory authority.

Both the Administration proposal and S. 7 provide appropriate full review and opportunity for participation in the rulemaking and permit-granting process which will protect legitimate concerns. Where unforeseen circumstances result in a serious and unforeseen hazard from an operation, the citizen may compel the Secretary or the regulatory authority to act immediately. Immediate shutdown of an operation is authorized, while if actual damage to a citizen is occurring, section 520 grants jurisdiction to the Federal courts to entertain a civil action without regard to jurisdictional amounts or diversity. Finally, all existing rights are preserved.

The Administration provision does not undercut citizen enforcement, since it allows such suits where operators are not complying with applicable rules, regulations, permits or orders and allows citizen participation in promulgation and review of rules and regulations.

"ABSOLUTE" TERMS

Question

Why is the term "prevent" when used in [the] context [of the testimony of the Interior Department witness at a West Virginia hearing on Coal Mine Waste embankments last July] considered a "flexible term" while when it is used in H.R. 25 it is an "inflexible" term which causes trouble?

Answer

Following the July 23, 1974, public hearing on proposed regulations governing coal mine refuse piles and impounding structures held in Charleston, West Virginia, the Secretary published findings of fact in the Federal Register (39 FR 38660, Nov. 1, 1974). Finding (23) states that, "Abandonment plans for refuse piles must have provisions to prevent future impoundment of water to ensure their stability. Abandonment plans for impounding structures must have provisions to either prevent future impoundment or in the alternative prevent major slope instability in order to ensure their stability."

In the case of these proposed regulations "prevent" is an inflexible term just as it is in H.R. 25. Future impoundment of water behind abandoned structures is a very destabilizing factor that may endanger lives and therefore must be prevented. Technology in the form of the construction of diversion ditches and other preventive measures is readily available to prevent such future impoundment of water, and therefore compliance with these proposed regulations is not unreasonably inflexible. No such technology exists to enable an operator to comply with the preventive provision of H.R. 25, and therefore those provisions are unreasonably inflexible because a court would have no choice but to give the language the literal interpretation. For example, the requirement that surface coal mining be conducted "so as to prevent additional contributions of suspended solids to streamflow . . ." (§ 515 (b) (10) (B) is unreasonably inflexible in light of the nature of surface mining and the present state of technology.)

NECESSITY TO WRITE SPECIFIC REQUIREMENTS

Question

[T]he regulations recently circulated by the Department to be applied to Federal lands are, in general, a mere restatement of the standards of the legislation (with some serious weakening modifications).

Is this a signal to the Committee that if any changes are to be made, in H.R. 25, such changes should be in the direction of writing more specifications into the law in order to make certain that Congressional intent is carried out?

Answer

The Administration bill and the recently proposed regulations which will apply to the reclamation of surface mined Federal coal lands contain those general performance standards which the Congress and the Administration agree should be included in a good reclamation program. Throughout the progress of S. 425 and H.R. 11500 there was little disagreement on these standards. Where there was disagreement, they reflect the Administration position. The objections to S. 425 as reported by the Conference committee and to S. 7 and H.R. 25 now before the Congress,

are that the Secretary has little flexibility in choosing methods by which these goals can be reached.

The Administration bill and the proposed regulations would allow the Secretary to make site-specific determinations on whether the performance standard relating to approximate original contour needs to be varied to achieve the approved land use, taking into consideration the climate, terrain, and other significant physical features of the area to be mined. In the proposal regulations these specific decisions will be made by the Area Mining Supervisor. The "gaps" in the regulations will be filled after an on-site inspection and thorough consideration of each standard in relation to that location. No surface mining will be allowed where reclamation cannot be accomplished.

The performance standards in S. 7 and H.R. 25, with the few changes recommended by the Administration, represent a satisfactory effort to balance the need for general performance standards and the need for adequate guidance in achieving them. Any changes in the direction of writing more specifications into law would be both unnecessary and unreasonably restrictive.

Question

Why has there been a continued push to weaken the provisions in H.R. 25 concerning waste impoundments and how does this relate to the delay in promulgating new regulations for the construction of waste impoundments?

Answer

It is the Administration's position that there should be strong and reliable regulations to provide for safe and adequate construction of waste impoundments. However, these regulations must include realistic requirements which would not unreasonably restrict construction of such impoundments. It is the Administration's opinion that the provisions in H.R. 25 concerning impoundments could be unduly restrictive in determining the location of impoundments. These provisions, if not amended, could preclude almost all construction of impoundments because it is almost impossible to provide a feasible location where, if failure should occur, there would not be some danger to public safety. Almost any impoundment or dam in the Nation, if it were to fail, could create a hazard to public safety.

Proposed new regulations, promulgated by the Department under the "Coal Mine Health and Safety Act of 1969," have now been formulated after a long period of delay due in recent part to problems encountered in obtaining approval of the environmental impact statement. A final statement has now been submitted for legal approval, after which the new regulations will be published in the Federal Register.

EQUIPMENT VARIANCE

Question

Why . . . is [an equipment] variance necessary and isn't it a wide open loophole to allow an operator to use his equipment just for the profitable mining of coal while ignoring sound reclamation practices?

Answer

Section 402(d) of the Administration bill provides that the permittee or the applicant for a petition the regulatory authority for a variance from the return to approximate original contour requirements during the interim period if he demonstrates to the satisfaction of the regulatory authority that he has not been able to obtain the equipment necessary to comply with such standards.

Several important safeguards are provided in section 402(d) to protect against abuses in the administration of this provision for equipment variances. Before such a variance is issued the regulatory authority must publish a notice and offer an opportunity for a public hearing. Any decision to grant or deny a variance would be subject to the strict standards of the Administrative Procedure Act. The operator would have to conduct his operation so as to meet all other interim standards, and the alternate surface configuration must be stable and in accordance with a mining and reclamation plan approved by the regulatory authority. The operator must also demonstrate that the approved modification to the return to approximate original contour requirement will not cause hazards to health and safety of the public or significant imminent environmental harm to land, air, or water resources. Furthermore, the variance would only apply to the relatively short duration of the interim period.

Section 402(d) is not "a wide open loophole to allow an operator to use his equipment just for the profitable mining of coal while ignoring sound reclamation practices." With the safeguards provided in section 402(d), the equipment variance is a reasonable measure permitting coal to be surface mined in an environmentally sound and approved manner while equipment is unavailable to the operator through no fault of his own. It must be remembered that there are serious backlogs of orders for heavy earthmoving equipment and that not all coal is surface mined with the same equipment used in the reclamation of mined land. For example, coal is often surface mined by draglines, shovels and trucks, whereas bulldozers are needed for return of the land to approximate original contour.

Question

How do you justify including a proviso which would allow the regulatory authority to waive the required "determination of hydrologic consequences" if "adequate data" is available without any requirement that a site specific determination be made?

Answer

Under the present language of S. 7 pertaining to the hydrologic data to be submitted with an application, the applicant would have to provide the hydrologic data even where the data are already available; this creates a potentially serious and unnecessary workload for small miners. The site investigation required for the permit application could provide adequate information which could determine, along with any available hydrological data from adjacent areas, whether or not a permit should be issued.

CITIZEN SUITS

Question

The Administration contends that the citizen suit provision of H.R. 25 is unacceptable as it allows a citizen to sue for a violation of the Act as well as for a violation of the permit of regulations. It is argued that the provision of H.R. 25 would result in attack on the validity of a permit after such has been issued through the administrative process.

(a) Why is the citizen suit provision of H.R. 25 unacceptable when a provision identical, in substance, to it was approved by the President when he signed the Deepwater Ports bill into law just a few weeks ago?

(b) A similar citizen suit provision is found in Ohio law. Has the Administration any information that the Ohio law has led to harrassment? (In fact no suits have been brought under the Ohio Statute since its enactment in 1972).

Answer

(a) The citizen suit provision is one among many factors in consideration of both bills. The risk of adverse developments resulting from citizen litigation relates to the entire law and not merely the similarity of the citizen suit provision itself.

Surface mining legislation differs from deepwater ports legislation in that the former involves a large number of possibilities for litigation because of the large number of mines and potential issues. The uncertainties, ambiguities and greater detail in statutory specification of standards in H.R. 25 and S. 7 increase the possibility of adverse consequences of citizen suits. In contrast, relatively few deepwater ports are contemplated, the operation of that legislation was substantially simpler and clearer and the consequences of successful litgation likely to be less significant.

(b) The Ohio citizen suit provision is substantially different from those of S. 7 and H.R. 25. Only the State Attorney General and persons adversely affected or about to be adversely affected can bring suits directly against the operator. When another class of persons, i.e. "residents", have knowledge that the Ohio laws or rules promulgated thereunder are not being enforced, their only recourse is an action in mandamus to require the public officials to enforce the law or rules. Additionally, the Ohio citizen suit provision does not provide for the awarding of costs of litigation, the filing of a bond, or attorney fees all of which are included in S. 7 and H.R. 25.

Question

Can you explain why provisions dealing with subsidence which the Department has claimed accounted for most of the production losses is not addressed in the President's letter?

Answer

While it is true that in the Department of Interior's May 27, 1974, report sent to the House Interior Committee showed that there would be a major loss in production due to the provisions of H.R. 11500 relating to the subsidence control aspects of underground mining, there have since been adopted changes in the language improving this provision to the point where the Administration no longer considers this a major source of production loss. The specific impoverishing language referred to includes the wording "adopt measures consistent with known technology" and also the inclusion of the proviso, "That nothing in this subsection shall be construed to prohibit the standard method of room and pillar continuous mining".

Our consistent position has been that measures taken to control land surface subsidence, resulting from underground mining, are proper. We feel that the language as now written in S. 7 is consistent with our position and offers proper safeguards while not being unreasonably restrictive.

Question

Why is there a discrepancy between Secretary Morton's November 19 letter in which he reported an estimated coal production loss at 14–38 million tons per year and the present Administration estimates at 48–141 million tons per year?

Answer

The estimated coal production loss at 14–38 million tons per year represented the estimate during the year immediately following the passage of the bill or for the interim period and was related to current production. The estimate at 48–141 million tons per year represents the estimate at the time and for the period following full implementation of the legislation. It is based on what the planned production would have been at that time to meet the goals of Project Independence.

Question

Where are the analysis and data to back up the assertions of estimated coal production loss at 14–38 million tons per year and at 48–141 million tons per year?

Answer

Production losses were arrived at by examining the likely impact of various provisions of the bills on projected production, and estimating the losses associated with adjusting or curtailing such production to meet the various requirements. Current coal prices and the application of present mining methods and site selection procedures were assumed.

Production loss figures for the first full year of the interim period represent cutbacks only in current production operations. The coal production loss at 14–38 million tons per year during the year immediately following the passage of the bill or for the interim period was documented on a July 30, 1974, analysis by the Bureau of Mines of the potential production impact of H.R. 11500 (S. 425) as passed by the House on July 27, 1974. A copy of this document is enclosed.

The coal production loss of 48–141 million tons per year or those coal production loss figures for the first full year of complete implementation at the legislation represent losses to projected production. The assumptions underlying these figures follow:

(1) Coal prices would not increase

(2) Mining technology would remain at its present state

(3) New mining areas would not be opened in the West

(4) Capital investments would not increase in mining and related industries.

If the reverse of any of the above assumptions occurred, the overall coal production could increase.

Coal production losses for this period were related to projected production for that period. In the Project Independence Blueprint for coal specific target goals were established for two scenarios; "Business-As-Usual" and "Accelerated Development." It would be assumed that any production figure lower than the surface mine production target goal for that year represents a loss which would have to be made up from underground mine production in order to meet the total mine production anticipated for that year. Assuming full implementation by 1977, when the target level for surface mine production under the "Business-As-Usual" scenario is 394 million short tons and under the "Accelerated Development" scenario is 519 million tons.

An explanation of the scenarios follows:

BUSINESS-AS-USUAL SCENARIO

In arriving at the production figures listed it was assumed that no significant expansion in coal production would occur between 1975–1977 because of the long leadtimes required for new mine development. For the years 1977–1980, however, it was assumed that there would be available for new mines or additional expansions. It was also assumed that after 1975 there would be some acceleration in the development and installation of stack gas scrubbers to permit the use of large volumes of otherwise nonpermissible coal; that current manpower shortages would be somewhat alleviated and that adequate transportation facilities for shipping coal would be available.

The following additional assumptions were also made in arriving at the Business-As-Usual figures: that there would be no major disruptions to coal production as a result of new legislation; that existing mining methods would continue to be utilized in the earlier years; that significant increases in the production of low-sulfur western coal would occur after 1977; and that production from deep mines in the East would decline over the years as the emphasis shifts to low-sulfur western coal.

ACCELERATED DEVELOPMENT SCENARIO

In arriving at the production estimates for the Accelerated Development Scenario the following assumptions were made in addition to those made under the Business-As-Usual scenario: that some of the present requirements of the Clean Air Act would be relaxed; that substantial coal leases would be issued on Federal lands; that States would not impose any seriously adverse regulation on surface mining; that there would be adequate capital to finance major new mining operations; that there would be no significant manpower or transportation limitations; and that new technologies for utilizing and converting coal would be developed rapidly.

The data basis to support the various assertions is derived from a multitude of material. A basic document which contains both historical and forecast information is the Final Task Force Report of Project Independence Blueprint for coal of November 1974. In addition, a number of reference documents, reports of investigations, etc., were used as well as a review of the reclamation associations for various states and state reclamation agencies.

The analysis of the loss within the range of "minimum" to "maximum" depends on the interpretation of the various provisions of the legislation and of the implementation of these provisions. Anticipated losses therefore stem from the technical and administrative burden placed on the surface mine operation.

ESTIMATED PRODUCTION LOSSES UNDER COAL SURFACE MINING CONTROL LEGISLATION

[In millions of tons annually]

	Interim period				Complete implementation			
	H.R. 25–S. 7		H.R. 3119–S. 652		H.R. 25–S. 7		H.R 3119–S 652	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Small mines [1]	11	22	11	22	22	52	15	30
Steep slopes, siltation, aquifers [2]	3	16	3	16	15	68	7	38
Other losses, including alluvial valley floors [3]	1	12	1	12	11	21	11	12
Total	15	50	15	50	48	141	33	80

[1] Small mines include those mines producing 50,000 tons or less annually. These mines produced approximately 40,000,000 tons in 1973. It is anticipated they could produce 52,000,000 tons in 1975.

[2] Estimated production losses due to requirements concerning spoil on downslopes, reclamation to approximate original contour, siltation constraints, aquifer protection, and hydrologic problems.

[3] Anticipated other losses represent those losses, in addition to losses from all uvial valley floor constraints, due to varying interpretation of and compliance with the legislation, manpower and equipment problems, and decrease in productivity.

Question

To what extent can the Department of the Interior apply its proposed regulation on "diligent development . . . etc." to outstanding leases?

Answer

All coal leases were issued pursuant to the Mineral Leasing Act of 1920, which requires that coal leases be issued upon the condition of diligent development and continuing operation of the mine or mines. New draft diligence regulations are being reviewed internally and where appropriate will be made applicable to outstanding leases.

Mr. FANNIN. Mr. President, in conclusion, I would ask my colleagues to seriously measure whether this Nation can afford such an expensive and disastrous bill as S. 7, the Surface Mining Control and Reclamation Act of 1975.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF RULE XXII OF THE STANDING RULES OF THE SENATE

The Senate continued with the consideration of the motion to proceed to consider the resolution (S. Res. 4) to amend rule XXII of the Standing Rules of the Senate with respect to the limitation of debate.

Mr. ROBERT C. BYRD. Mr. President, what is the pending question before the Senate?

The PRESIDING OFFICER. The pending question is on agreeing to the motion of the Senator from Minnesota (Mr. MONDALE) with respect to Senate Resolution 4.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. BAYH. Mr. President, today we are once again making an effort to amend rule XXII of the Standing Rules of the Senate regarding the number of votes necessary to cutoff debate on any matter pending before this body.

We are voting today, as we did last week and on Monday, on a series of complicated parliamentary maneuvers designed to give this body a chance to express its will on whether it wishes to adopt Senate Resolution 4, a resolution which would allow the Senate to cut off debate on a pending matter by a margin of three-fifth of those Senators present and voting, as opposed to the practice

of the past few Congresses where the margin was two-thirds present and voting. Senators from both political parties have attempted to change rule XXII in exactly this manner on several different occasions. I have supported those efforts in the past, and I do so today.

We have heard arguments during these past days of debate on rule XXII from those who oppose our resolution. They insist that we are leading this body down a path of doom. They argue that we are not only ignoring minority rights, but we are establishing a precedent for future despots who will have the control of the Senate in their hands alone. Mr. President, given the operation of the Senate over the last few legislative days, I find this indeed an ironic statement. To quote from an excellent Washington Post editorial this morning:

> As Senator Allen has so amply shown this week, a single senator with a sure grasp of the rules has many weapons for delaying action and frustrating the majority.

A change of the filibuster rule will do nothing to remove those weapons from those in the minority who cares to use them.

For those Members of the Senate who feel that we are seeking to destroy minority rights by supporting the series of parliamentary motions made by Senator MONDALE and Senator PEARSON I can only say that I am sure that none of the cosponsors of Senate Resolution 4, myself included, want to abrogate the minority's right to be heard. By changing the number of Senators necessary to bring a pending matter to a vote, we are not attempting to stifle full and adequate debate on any issue. What we are attempted to prevent is legislative paralysis. Only by allowing the Senate to come to a vote on pending legislation can we respond to the vital questions before us during this troubled time in the expeditious and timely manner.

I think it is important, Mr. President, that we recognize this is not a new problem before the Congress. When cloture was first created by the Congress in 1917 as a means for ending debate on pending motions, many of these very same arguments were debated on the floor of the Senate. Since we adopted the cloture rule in 1917, there have been exactly 100 cloture votes in the Senate. Cloture has succeeded under the two-thirds rule on only 24 of these occasions, even though a majority of those voting supported cloture motions on 82 different occasions.

Of the 100 cloture votes since 1917, 44 received a three-fifths majority, 20 more than those that actually succeeded under the two-thirds rule. Thus a change to three-fifths does not leave minority rights unprotected. It merely gives the majority a better chance.

Over the years we have seen many examples of vital and timely issues left unanswered by the Senate because of the inability of the majority to achieve the necessary margin of two-thirds. Ironically, in many of these instances, the question at hand was the protection of minority rights; for example, the use of the filibuster to block anti-poll tax laws in the 1940's; to prevent the passage of fair employment legislation in 1946 and 1950, to thwart civil rights legislation in 1957 and 1960, to stop voting rights legislation in 1966; to block open housing legislation in 1968 and to prevent the passage of voter registration legislation in 1973. In many of these cases the use of the filibuster prevented the Senate from voting on the pending measure; in others just the threat of the filibuster was enough to kill the legislation.

In the past Congress it was the filibuster that killed the consumer protection agency, killed the tax cut that might have well alleviated our current recession, killed the repeal of the oil depletion allowance, and delayed the enactment of meaningful campaign reform legislation. In this Congress I am told, we can expect filibusters on the extension of the Voting Rights Act, the consumer protection agency, and on no-fault insurance.

While it is true, Mr. President, that I remain basically opposed to the use of unlimited debate in this body to frustrate the will of a commanding majority, I find myself equally opposed to the actions of the Senate which represent the other extreme—using cloture to cutoff debate on a piece of major legislation before the Senate can possibly be expected to examine thoroughly the merits of that legislation.

During the closing weeks of the last Congress, we witnessed several examples of abuse of proper procedure in this manner. We witnessed the filing of a cloture petition on the Eximbank Conference Report after only a few hours of debate, a report which contained significant changes from the legislation that originally passed the Senate some months before the filing of a cloture petition on the trade bill after only 1 hour of debate, a bill which was perhaps the most important piece of legislation enacted by the 93d Congress; even the filing of a cloture petition on a minor tax bill before it had even been placed on the calendar—a clear violation of existing Senate rules.

If we are to be able to command the respect of the American people we cannot allow for abuses of the legislative process on either extreme. We cannot allow for the arbitrary ending of debate on an issue before all the sides of the question have been fully and fairly examined, and we cannot allow for the capricious use of the filibuster to delay the enactment of vital legislation. As legislators, we must continually strive for the balance between the two extremes.

One way to achieve that balance is to amend the existing rules, just as we have done on other rules on previous occasions, to make it easier for the Senate to respond to the needs of the Nation. Surely, Mr. President, we owe this to the American people. We cannot afford to allow dilatory and capricious abuse of procedure to make the institutions of government incapable of action.

Mr. President, I think that all of us here today have a special responsibility to prevent the continuing erosion of public faith in elected representatives and in the Congress itself. Such an erosion of faith has been an unwelcome reality over the last few decades. The public, frustrated at climbing inflation and deepening recession has grown weary of a Congress that cannot enact meaningful tax reform legislation. That same citizenry has grown more cynical after watching the exploits of Watergate unfold before them while one or two Members of the Senate delay the enactment of meaningful campaign reform legislation to prevent a repetition of these very problems. I wonder, Mr. President, how long we can expect the public to maintain confidence in an institution which can be crippled from taking meaningful and expeditious actions by the will of a small minority? I urge the Senate to take this opportunity today to restore America's faith in her governing institutions by approving Senate Resolution 4, a resolution which will make the Senate a more responsive and democratic institution.

ORDERS FOR RECOGNITION OF SENATORS MANSFIELD AND GRIFFIN TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the Senator from Montana (Mr. MANSFIELD) be recognized for not to exceed 15 minutes.

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

Mr. ROBERT C. BYRD. I ask unanimous consent that after Senator MANSFIELD has been recognized on tomorrow, the assistant Republican leader (Mr. GRIFFIN) be recognized for not to exceed 15 minutes.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at the hour of 12 noon.

After the two leaders or their designees have been recognized under the standing order, the distinguished majority leader (Mr. MANSFIELD) will be recognized for not to exceed 15 minutes, after which the distinguished assistant Republican leader (Mr. GRIFFIN) will be recognized for not to exceed 15 minutes, after which the Senate will resume consideration of Senate Resolution 4 on the pending question, that being on agreeing to the motion of the Senator from Minnesota (Mr. MONDALE).

RECESS

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate I move, in accordance with the previous order, that the Senate stand in recess until the hour of 12 o'clock noon tomorrow.

The motion was agreed to; and at 5:25 p.m. the Senate recessed until Thursday, February 27, 1975, at 12 noon.

HOUSE OF REPRESENTATIVES—*Wednesday, February 26, 1975*

The House met at 12 o'clock noon.

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

Thou wilt keep him in perfect peace, whose mind is stayed on Thee; because he trusteth in Thee.—Isaiah 26: 3.

Our Father God, we thank Thee for the gift of a new day and for the opportunities to serve Thee and our country. In this moment of prayer we give ourselves unreservedly to Thee and pray for the guidance of Thy Spirit as we approach the tasks that confront us and the problems that cry aloud for solution.

Let not the moods of discouragement defeat us nor the feelings of disillusionment make us give way to despair—but even in low spirits may we look up to Thee, who art ever with us and in Thee find strength for each day, wisdom for each hour, and love for each moment.

In these troubled times keep our minds on Thee that we may lift the burdens and lessen the fears which weigh so heavily upon so many of our people.

Humbly we pray for Thy help as we endeavor to do good for our beloved country.

In the spirit of Him who went about doing good we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Vice President, pursuant to Public Law 93-642, appointed Mr. JAVITS as a member, on the part of the Senate, of the Harry S Truman Scholarship Foundation Board of Trustees.

And that the President pro tempore, pursuant to Public Law 93-344 and on the recommendation of the chairman of the Senate Committee on the Budget, appointed, with the concurrence of the Speaker of the House of Representatives, Alice M. Rivlin as director of the Congressional Budget Office.

CRIME DOES PAY IN MEDICARE AND MEDICAID

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. KOCH. Mr. Speaker, I would like to discuss the oversight procedures which currently monitor our national health programs, medicaid and medicare. The cost incurred by the Federal Government in maintaining these programs is enormous. In 1973 the total medicare payments for services and items furnished to beneficiaries was $9.5 billion and for medicaid, $8.713 billion. Few would oppose the expenditures if the money were well spent. Unfortunately, even a cursory look at these programs reveals instances of mismanagement and corruption. As the Congress considers a comprehensive national plan, we are obliged to examine closely our existing health organizations and how they have been functioning.

The most debilitating problem of medicare and medicaid in particular is the lack of regulation over the programs. This has resulted in extensive and costly abuses with little response from the Federal Government. Few indictments have been issued against those who have illegally enriched themselves on medicaid and medicare. There are some 23,000 nursing homes in this country, most all of which receive either medicaid or medicare support, or both, and several hundred thousand physicians also receive such funds.

At the end of 1973, there were 78 medicare cases pending with U.S. attorneys. Of this number, indictments have been obtained, or criminal information filed in 32 cases. Of the 40 medicare fraud convictions in 1973, only 6 were in the hospital insurance program, involving hospitals, skilled nursing facilities, and home health agencies. These six were the first convictions ever in this area. The other 34 convictions were almost entirely against physicians. I found it impossible to obtain accurate statistics regarding medicaid prosecutions. Unfortunately, it seems that vendors have been given a free hand in the dispersal of medicaid and medicare funds.

When federally funded health insurance for the elderly and impoverished was first suggested in the early 1960's it was vigorously opposed by associations such as the American Medical Association and the American Hospital Association. Their feeling at that time was that the proposed health insurance plans would interfere with their right to determine what kind of treatment their patients required, and what that treatment was worth. The outcome of the battle was a program which freely poured billions of dollars into the health industry with a minimum of regulation to show how that money was used. This disastrous compromise bestowed upon nursing homes and other providers, the power to extract huge excess profits from the Government.

Licensing and inspection of nursing homes that care for medicaid patients is left to the States. Furthermore, the States determine who is eligible for medicaid. While all States are supposed to submit comprehensive information on medicaid fraud quarterly to HEW, many States are apparently not even aware of the requirement.

Even when the Department of HEW surveys the States on medicaid reimbursements, it cannot always get an answer. In April 1974, the Medical Services Administration of the Department sent a survey to all the States requesting statistics on physician reimbursement and physician participation in medicaid. The administration was never able to get the information from the District of Columbia, New York, Pennsylvania, Wyoming, and Guam. I am following up today with my own State in an effort to get it to meet its obligation to provide the requested information.

Furthermore, when fraud is found, all the Government auditor generally does is force the operator abusing the programs to give back the money—most often without interest. The case is often not sent to the district attorney for criminal prosecution—and many that are sent to the DAs are turned down—and rarely is any move made to lift the operator's license. No attempt is made to deter the operator from trying again.

The medicare program, which pays for hospital care and 100 days after a stay in a hospital, is administered by the Social Security Administration—SSA. The SSA divides up the Nation into 10 regions with each region having "program integrity specialists" who follow up on complaints which come in concerning fraud or abuses of the program. I am told that there are approximately 80 program integrity specialists working throughout the country under the program integrity branch of SSA. The primary source of investigations are calls from informants. Rarely will the specialists initiate their own investigations, nor do they undertake any systematic program reviews. Under title XVIII—medicare—this type of oversight is done by intermediaries such as Blue Cross.

In December of 1974 I endeavored to secure statistics on the number of indictments and convictions secured in the States for medicare and medicaid fraud. But, I found that no reports have yet been compiled by the Department of HEW. Although a first set of reports were due on July 30, 1974, and title XIX first required that the quarterly medicaid reports be made to HEW in 1972, I am advised that no information will be available before the end of March 1975. Therefore, in an effort to obtain this information from the States, I sent the following letter to the attorney generals of each of the 50 States.

DECEMBER 10, 1974.

DEAR MR. ATTORNEY GENERAL: The cost of medicaid and medicare is enormous. If the money were well spent, there would be few who would oppose the expenditures. But, there is a general feeling here in Congress and in the public at large, that both programs are clouded with massive fraudulent practices involving physicians, and the proprietors of facilities such as nursing homes, whose bills are paid by these programs.

I have ascertained from the Social Security Administration that since 1966 there have been a total of seven referrels to the Justice Department of alleged fraudulent

practices. In five of the cases, the U.S. government refused to prosecute; in one there was a conviction with a $5,000 fine and a 4-year suspended sentence; one case is pending. I have also been advised by the Social and Rehabilitation Service at HEW responsible for medicaid claims that they have no compiled statistics of any kind concerning fraudulent cases in their program.

I would appreciate knowing whether your State has any statistics on the number of frauds, and their dispositions, in either of these two programs beginning with 1966, and if so, would you provide me with the statistical information available regarding the number, the nature of the fraud, and the disposition, including civil and criminal penalties that may have been imposed.

Next year the Congress is embarking on a legislative effort to obtain comprehensive national health insurance. It would be helpful to know what efforts have been made under the existing programs to uncover fraudulent practices, the extent of the practices, and the dispositions of the cases, once uncovered. If your office is not responsible for either of these programs, I would appreciate your forwarding this letter to the appropriate State official who can furnish this information.

I would very much appreciate your giving this request prompt attention—the matter is urgent.

Sincerely,

EDWARD I. KOCH.

The responses I received to the questionnaire were startling. Here, in table form, are the statistics I received from the States which responded:

RESPONSES FROM ATTORNEYS GENERAL ON CURRENT FRAUD INVESTIGATIONS OR CONVICTIONS SINCE 1966

State	Medicare cases concluded	Medicaid cases concluded	Pending cases	Comments
Alaska	0	0		
Arizona	No stats [1]	No stats		
California			1,060	For 4th quarter of 1974; 15 complete action, total cases referred to prosecution/administrative procedures, 15.
Colorado		No stats		
Connecticut		3 (since 1971)	15	7 of the 15 cases pending were referred to law enforcement offices; 8 still under investigation by the Department of Welfare.
Delaware		No stats		
Florida	12			
Georgia		No stats		
Guam	0	0		
Hawaii	0	2		
Idaho	0	0		
Illinois	1	0		
Indiana		3	10	
Kentucky	No stats	0		
Louisiana	do	No stats		
Maine		8		2 nursing homes.
Maryland		13		From Oct. 1, 1973, to Nov. 30, 1974.
Massachusetts		12		
Minnesota	No stats	No stats		
Missouri	do	do		
Montana	do			
Nebraska	0			
New Jersey		4,500 cases investigated.		
New Mexico	0	3 miscellaneous		
New York		2		
Nevada	0	0		
North Carolina	0	8 prosecuted		15 providers suspended from participation.
Ohio		2		
Oklahoma		25 fraud		40 program abuses.
Pennsylvania	No stats	No stats		
Rhode Island	0	do		
South Carolina		Many	3	
Texas		30 cases investigated.		
Vermont	0	0		
Washington	0	0		
Wisconsin				Only local statistics.

[1] "No stats": No statistics are maintained by the State agencies.

Note: Letters indicate no figure available at this time. The following States and territories did not respond to my inquiry: Arkansas, Iowa, Kansas, Mississippi, New Hampshire, North Dakota, Puerto Rico, South Dakota, Tennessee, Utah, Virgin Islands, West Virginia, and Wyoming.

Many States maintain that they keep no statistics at all on either the medicare or medicaid programs, which is very interesting since the medicaid information must be sent quarterly to the Department of HEW. Eleven States, the Virgin Islands, and Puerto Rico did not respond to my survey. The numbers from those States who did respond indicate an incredibly low incidence of wrongdoings. We have seen too many individual instances of malfeasance to believe that these low figures indicate a lack of wrongdoing. To me they indicate that the Federal Government has not done an adequate job in policing the use of medicaid and medicare funds which not only allows fraud to go unchecked, but actually encourages it. Nursing home operators and their collaborators can engage in illegal dealings safely because there is little risk of being caught, and if caught, virtually no risk of being punished. At most, States like California and New Jersey seemed to have a large number of cases under "investigation" but showed no convictions.

Mr. Speaker, I along with 17 other Members of Congress, have requested that the General Accounting Office conduct an investigation into the internal auditing procedures which exist within the medicaid and medicare programs. Until we can efficiently monitor our national health care programs, the American people will be paying an enormous burden for a poor quality of medical care. Compassion must displace greed and the Government is the only agency to remove the current monetary incentives for medical dealers.

LEGISLATION FOR CONSTRUCTING 20 NUCLEAR POWER PLANTS TO REPLACE OIL BURNING PLANTS

(Mr. THORNTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. THORNTON. Mr. Speaker, the special quality of this Nation is its enthusiasm for tackling difficult problems, not quiet acceptance of circumstances.

Our circumstances are these—we are beset with a continuing inflation, the best cure for which is increased productivity; we are faced with a growing recession and unemployment; and we are faced with a growing dependence upon foreign energy resources making our economy vulnerable to forces beyond our control.

Two weeks ago today I outlined to a joint session of the General Assembly of Arkansas several proposals to put unemployed people to work on programs designed to reduce demands for oil and gas and to use our Nation's technology and the great productive capacity of our people to develop needed energy resources while restoring health to our national economy.

At that time I called for construction of at least 20 nuclear power plants to replace oil burning plants using nearly a million barrels of oil each day.

Today I am introducing such a bill and this afternoon I have reserved a special order to discuss it.

FERTILIZER PRIORITY NEEDED

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, the national and world food supply is threatened with further decreases and our domestic economic problems are about to be compounded because of the shortage of fertilizer in our country. This urgent fertilizer shortage has resulted because of nationwide natural gas curtailments for fertilizer plants. In order to prevent further food shortages abroad and increases in food prices here at home, today I am introducing a bill which would establish a priority for natural gas used to produce fertilizer and other agricultural chemicals.

At spring planting time when food production must be increased in order to meet demands both here and abroad, we must act to prevent fertilizer manufacturers across the country from having to shut their doors because they lack the natural gas necessary to continue production. Our spiraling inflation rate will be forced even higher by increased food prices unless we act now.

Millions of people throughout the world look to the United States to supply their food needs. Americans look to Congress to halt the economic problems at home. Therefore, we must insure an adequate supply of food and this production depends directly on an adequate supply of fertilizer and other agricultural chemicals. These cannot be produced without adequate natural gas. I hope all Members of the House will join me in supporting this bill.

POOR ENERGY PROPOSALS PROPOSED BY CONGRESS

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, for several weeks now, I have been lamenting the fact that the Democratic leadership in the Congress had failed to come up with an alternative to President Ford's energy program.

Well, I cannot do that any more. The distinguished chairman of the Ways and Means Committee (Mr. ULLMAN) according to press reports this morning, has indeed announced the Democrats' alternative.

I read these reports eagerly, because I genuinely hoped for some constructive ideas that might form the basis for a real solution to the energy problem. But I was sadly disappointed. Indeed, I was incredulous.

The program calls for a gasoline tax of 40 to 50 cents a gallon. Forty to fifty cents a gallon. I simply cannot believe that the American people will stand for such a burden, nor should they.

Worse yet, the Ullman program contains a coupon rationing system, which is inherently unfair, incredibly costly and totally unworkable.

If the Congress cannot come up with better ideas than these, we do not deserve the respect of our constituents nor the support of the American people.

CONCERNING ENVIRONMENTAL IMPACT STATEMENTS AND STATES' MATCHING FUNDS AND THE HIGHWAY PROGRAM

(Mr. HOWARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOWARD. Mr. Speaker, on December 11, 1974, the U.S. Court of Appeals for the Second Circuit in the Conservation Society of Southern Vermont versus Secretary of Transportation, et al., held that the Federal Highway authority must formulate and prepare its own impact statement to assess the environmental effects of proposed federally funded highway projects.

This ruling has had the effect of stopping any new highway projects in the three States within the jurisdiction of the second circuit, namely, Vermont, Connecticut, and New York.

Due to the current national effort during this period of recession, with spiraling unemployment, to provide jobs within the construction industry, I have drafted legislation which would remove the restraints imposed by the Vermont case.

It is to be noted that in the decision of the Vermont case, reference is made to contra opinions in the 4th, 5th, 8th, 9th, and 10th circuits; within these other circuits are 33 States, the Canal Zone, and Guam. Consequently, it would appear that the second circuit has imposed a standard for the preparation of environmental impact statements more rigid than those required in a majority of the States.

It should also be noted that there is reason to believe the Vermont case will be appealed to the Superme Court.

One problem raised in the event of an appeal of the Vermont case to the Supreme Court is that the time consumed before the Supreme Court rules on that case will go beyond the present urgent need to provide as much employment in those States as possible.

To alleviate the unemployment problem in those three States, therefore, I have introduced a bill which would enable the Secretary of Transportation to adopt as his own any environmental impact statement prepared by the State.

The Vermont case above referred to also held that although the project involved was only a 20-mile segment of a highway that extended for 280 miles, the environmental impact statement should have included a study of the 280 miles.

Included in my bill is a provision intended to leave with the Secretary of Transportation the final decision as to how extensive an environmental study has to be in order to conform with the intent and purpose of the National Environmental Policy Act.

Also, Mr. Speaker, I am today introducing a bill which would permit an increase in the Federal matching share for Federal-aid highways and certain mass transit projects approved during the period February 12, 1975, to the end of this fiscal year. These increases could be up to 100 percent Federal share to be advanced to a State, upon request, from a State's existing Federal apportionment. In return, the State must agree to pay back such increases to the Federal Government by December 31, 1976. Failure on the part of any State to honor this commitment would result in the withholding of future Federal-aid project approvals in the State.

Mr. Speaker, this bill offers a solution to problems many States are presently experiencing in meeting the matching requirements for the construction of Federal-aid highways. As you know, the President on February 12 of this year suddenly released $2 billion in impounded highway funds to provide a stimulus to our declining economy. The States, of course, did not anticipate this release, and many States are simply unable to meet the additional requirements for State matching. In order to meet the goal of obligating the entire $2 billion before the end of the fiscal year, I believe we must relax temporarily the matching requirement. Any increases advanced to a State for this purpose would be paid back to the Federal Government.

I sincerely urge my colleagues to support both of these important measures to provide jobs and to stimulate our declining economy.

CONGRESSIONAL RESPONSIBILITY IN ENERGY CRISIS

(Mr. RONCALIO asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. RONCALIO. Mr. Speaker, I would like to respond to the partisan observations made earlier by the gentleman from Illinois (Mr. MICHEL) regarding the fact that if certain tax proposals take place on petroleum that we as Congressmen will not deserve the respect of the people.

Mr. Speaker, I attended a hockey game last night at the Capital Center, and during the intermission a half-dozen Members of this body and a few Members of the other body were booed, howled at, laughed at, and ridiculed. We do not now have respect from the people in this country—or about as much as most lawyers or bankers.

I believe that we are here to write the best law we can, in the best interest of the people and not to worry about respect of people. That is my response to the criticism of my party that was just made.

STATE INSURANCE BOARD CHAIRMAN MAKES SYSTEM WORK

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PICKLE. Mr. Speaker, Dr. Stanley A. Arbingast, director of the Bureau of Business Research at the University of Texas, once described the 20th century as the "Insurance Age."

Through the ages man has evolved and refined the insurance process by which risks are pooled to reduce the uncertainty of financial loss.

The importance of insurance has a positive influence on the economy in States. The industry provides employment, capital resources and financial protection.

In my home State, the insurance industry is regulated by a three-member board, the State Board of Insurance.

Its current chairman, Joe Christie, is highly regarded in regulatory circles as an individual determined to make the system work, both for the consumers and for the industry. He is ably assisted by two other outstanding commissioners, Hon. Ned Price and Hon. Durwood Manford.

The Dallas Morning News recently carried an article on the Texas State Board of Insurance and I would like to commend it to the attention of my colleagues:

CHRISTIE INSURES AGENCY FAIR PLAY

(By Al Altwegg)

Joe Christie likes to quote Thomas Jefferson on the proper role of government in our society.

Jefferson, he says, said government should give people the conviction that it is serving them well.

Christie likes to give people the conviction he is following that percept of Thomas Jefferson.

What Joe Christie is doing concerns the people of Texas, because he is—and has been for the past two years—chairman of the State Board of Insurance, which regulates, he notes, the Number One industry in Texas, larger than oil and gas and larger than agriculture.

Christie had been a state senator from West Texas and run an unsuccessful race for lieutenant governor when Gov. Dolph Briscoe tapped him to be chairman of the insurance board.

That board, Christie recalled in a speech in Dallas last week, then had a reputation of being controlled by the industry it was supposed to regulate. And at the time, the chairmanship had been vacant four years while governors tried to fill the post and the state senate kept turning down the nominees.

When Christie came along, he was nominated and confirmed in two days. He joshes that he knew too much about his ex-colleagues in the senate. They may have known him, for he is gaining a reputation around Texas as a man who is accomplishing his Jeffersonian goal.

Christie gave a progress report in his Dallas speech. The occasion was a luncheon given by M. Cullum Thompson, president of United Fidelity Life Insurance Co., to celebrate the company's passing of two milestones, $100 million in statutory assets and $1 billion in insurance in force.

What Christie was able to report were several steps he felt proud of:

1. Licensing of Adjustors, the first people an insurance customer comes in contact with on the occasion of a loss. If they are bad apples, they can do a lot of harm, Christie feels, and with licensing he now has a tool which will let the state board drum such apples out of the barrel.

2. The last session of the Legislature passed the Life Guarantee Act, which puts the other life insurance companies behind the policies of any life company that falls in its contractual obligations to policyholders. "No longer," says Christie, "will a widow or orphan wake up and find they have nothing."

3. The Legislature also closed loopholes in the insurance holding company act, giving the state board the power to take a hard look at any holding firm seeking to acquire a Texas insuror. "We screen these applicants very carefully," Christie says.

4. Finally, the Legislature also passed a bill "which instills some competition in auto insurance." Christie says the state board is encouraging "variations" in auto rates, and there are now over 170 companies offering Texans such rates.

Christie also is proud of two studies the state board commissioned from the LBJ School of Public Affairs.

One, Christie says, backed up his belief that Texans should be offered a choice between the present "fee for service" method of delivering health care or the prepaid approach, stressing more preventive medicine and exemplified by so-called health maintenance organizations (HMO's).

"I don't know which is more inefficient," Christie says, "the way we deliver our mail or the way we deliver our health service. All I'm interested in is giving people a choice."

The second study, he says, looked at every state having no-fault auto insurance and concluded that the idea would cost Texans money instead of saving them money.

Christie is also rather proud of the internal operations of the state board of insurance, which has been reviewed for the first time by a management consultant firm which "found it one of the most inefficiently run organizations they'd ever seen."

The upshot of it all was that, instead of contemplating construction of a new additional building for $20 to $30 million, thousands of filing cabinets and a number of employes have been eliminated—the employes by attrition.

Christie's pride in the progress of the insurance board's operations is exemplified by his statements that he is sure that state board was not unique in its past inefficiencies and "I hope what we've done will spread to other agencies, by example."

Christie is also working on plans to try to make insurance policies more readable, more easy for an ordinary insured to understand, less incomprehensible because of its legaleze.

He is also attempting to get state board writers of letters educated in the principles of more understandable letters, an effort he calls "not a minor undertaking."

The total effort, according to Jee Christie, is summed up this way: "Our task is to regulate an industry even-handedly, showing neither favoritism not antagonism."

REPAIRING ROADBEDS OF RAILROADS—EMPLOYMENT OPPORTUNITY

(Mr. HEINZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HEINZ. Mr. Speaker, the U.S. Railway Association today released its preliminary system plan for restructuring the railroads in the Northeast and Midwest pointing out the urgent need for manpower to fulfill the vast rehabilitation requirements of railroad track beds. At the same time 8 million Americans are out of work and the rate is increasing despite the fact that this year we will spend $1.3 billion on public service jobs.

Railroad beds are in such a deplorable condition that in many cases trains cannot exceed 10 miles per hour. Yet while these roadbeds deteriorate, our unemployment rate soars. Everyday hundreds of individuals are being laid off while real jobs exist in restoring the much needed tracks for the railroads under ConRail.

While the Education and Labor Committee considers public service job legislation, the Congress must coordinate its efforts and let the right hand know what the left hand is doing by combining the Federal effort to improve our rail system and provide employment by unifying these goals.

Mr. Speaker, the time has arrived for this Government to put our national priorities in perspective. We cannot continue to use Federal tax dollars to provide jobs just for the sake of putting people to work. We must put people to work but we also must determine some logic for the types of jobs we create.

USRA estimates that more than half of the track miles in ConRail will be in need of immediate repair, requiring rehabilitation on as much as 1,600 track miles per year. This requires an effort far beyond the present capabilities of ConRail but conceivably within the limits of our goal to put people to work in areas that will stimulate our economy. At the same time we can return beneficial equity interest to the Federal Government for the improvements provided by public service employees. Surely this makes much more sense than the proposals to put people to work maintaining public buildings or cleaning streets.

Mr. Speaker, the question I want to ask this Congress is, why, if we have roadbeds that are in some cases 25 years behind in their maintenance, and at the same time we have millions of people looking for work who want productive work, we cannot find a way in this Congress to put those people to work on those railroad beds where the work is productive and where the work is needed? I look forward to working with any and all interested Members of Congress in making this idea a reality as soon as possible.

WILSON AMENDMENT TO THE GREEN AMENDMENT OF THE TAX BILL

(Mr. CHARLES WILSON of Texas asked and was given permission to address the House for 1 minute to revise and extend his remarks and include extraneous matter.)

Mr. CHARLES WILSON of Texas. Mr. Speaker, at yesterday's meeting of the Democratic Caucus, the Rules Committee was instructed to vote for a modified closed rule on the Ways and Means Committee's Tax Reduction Act. That rule would make in order both an amendment by Mr. GREEN, of Pennsylvania and an amendment by me to Mr. GREEN's amendment.

Mr. GREEN's amendment would eliminate the oil depletion allowance; my

amendment to his would retain the depletion allowance for only a very small, but highly significant segment of the industry—the independent wildcatters, who drill nearly 90 percent of all new area wells.

CONSERVATION AND DEVELOPMENT OF RESOURCES FOR THE FUTURE

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House the gentleman from Arkansas (Mr. THORNTON) is recognized for 20 minutes.

(Mr. THORNTON asked and was given permission to revise and extend his remarks.)

Mr. THORNTON. Mr. Speaker, for many years the American vision has been a future of abundance. If we needed more food products we moved a little further west and cultivated more land to increase our agricultural productivity. When natural resources were needed we scratched them off the surface of our land always in the belief that if we needed more we could dig a little deeper. Even during the Great Depression years the challenge was only to organize our economic and industrial systems and to improve our technology in order to develop and distribute resources which we believed were unlimited.

In recent years we have come face to face with a new kind of experience in which the real limits of our world are now being explored.

Today the challenge is not merely how we can develop our natural resources but also how to use them more wisely and how to develop alternatives for future years. I think today even more than at any time in the past we must heed the words of Adlai Stevenson when he said in his address to the Social Council in Geneva, Switzerland in 1965 that:

> We travel together, passengers on a little space ship, dependent on its vulnerable reserves of air and soil; all committed for our safety to its security and peace; preserved from annihilation only by the care and work and, I will say, the love we give our fragile craft.

As we consider the many problems which confront our Nation today, our faltering economy beset by inflation and by recession and our increasing dependence upon vulnerable supplies of energy, I am concerned that we have not always looked with enthusiasm toward our Nation's ability to meet these challenges, that we have not approached these challenges with the confidence that we have the resources, the human resources, to accomplish the work that needs to be done.

At a time of high unemployment, why not put the American people to work solving the energy problem by, for example, employing them to install insulation, increase the use of storm windows in public buildings and perhaps in the homes of the elderly?

On previous occasions our commitment to our programs has been in areas where work was needed. During the Great Depression we needed roads and we built roads. More recently we recognized the importance of environmental concerns and so we put our people to work improving our environment.

Now at a time when the resources, the human resources of this Nation could be well used to eliminate some of the drain and waste in our consumption of oil and gas, why not put the American people to work on those kinds of programs?

Mr. Speaker, what I am really trying to say is this: Instead of restrictions, instead of finding ways to cut back on our resources, why not meet the challenge by finding ways to put our people to work to reduce demands for scarce fuels by wise programs of conservation. This can be enhanced by needed changes in our tax laws such as repealing the excise tax on radial tires and the imposition of excise taxes on automobiles which are not fuel efficient. We should also put our technology to work now in developing alternative sources of energy supply. Such programs would have the effect of providing employment while meeting our Nation's needs for adequate supplies of energy which are not vulnerable to interruption by forces beyond our control.

Twenty nuclear plants would have the effect of eliminating consumption of some 220 million barrels of oil each year. Yet the sad statistics are that the construction of nuclear facilities is diminishing mainly because of the requirements for front-end capital with which to construct these very expensive plants even though after being constructed they have the capacity to produce electricity at far more economic rates than are available from any other fuel sources and to do so in the safest and most environmentally acceptable method of generating electricity which is now available.

I know that we are eventually going to move into the areas of fusion, solar power, geothermal and other permanent solutions to our energy problems; but in the middle term I think it is essential that we find ways to develop nuclear energy so that our dependence upon oil and gas under steam generating boilers can be reduced. That is why I have today introduced a bill calling for the establishment of a governmentally owned corporation to undertake the planning, design and construction of not less than 20 nuclear-powered generating plants to be located and constructed in cooperation with the private sector and interested groups.

The front end money for these plants can be provided by the Government. Upon completion, the plants may either be sold or leased to private industry; or operated by the Power Resources Authority so that the plants can begin producing electricity at the lowest possible cost.

Mr. Speaker, this is merely one of a number of steps which needs to be taken. Many others have been presented by other Members of this body.

There are many ways that we can reduce our consumption of energy and develop alternative energy resources for the future without disrupting our economy.

I believe the bill I have introduced will benefit the economy while increasing supplies of energy. A section-by-section analysis of the bill follows:

SUMMARY

TITLE

Section 1. Provides that the Act may be cited as the "National Power Resources Act of 1975."

FINDINGS

Section 2. States the findings of the Congress that:

(a) the national interest requires adequate facilities for the production of energy to prevent energy shortages from jeopardizing interstate and foreign commerce;

(b) the prompt development of nuclear facilities is required to reduce dependence upon resources of oil and natural gas;

(c) capital investments necessary to finance the prompt construction of nuclear power generation plants are beyond the capacity of any single company;

(d) the national interest requires that nuclear facilities be sited and constructed giving consideration to availability of other energy resources, environmental impact, and other relevant factors;

(e) a national effort by government in cooperation with the private sector is required for the construction of nuclear power generation plants.

STATEMENT OF POLICY

Section 3. States the policy of the federal government to establish a National Power Resources Authority to

(a) select location for, design, and construct not less than 20 nuclear power generation plants;

(b) to invite the participation of private industry in selecting sites for the construction of nuclear power generation facilities and the possible development of complete nuclear energy centers;

(c) to make available to private industry on suitable terms the completed power generation facilities or to operate the facilities to produce and sell electric power for distribution and resale.

States that the cost of providing capital for construction shall be considered a cost of national security funded through appropriations, subject to a reasonable return to the government upon the cost of facilities sold or leased.

CREATION OF CORPORATION; DIRECTORS

Section 4. (a) Creates the "National Power Resources Authority".

(b) Provides for the selection and appointment of members of the board of the Corporation.

(c) Designates the members of the board first appointed as the incorporators.

(d) Makes provision for the terms of office of members of the board.

(e) Provides for quorum requirements and appointments to fill vacancies in board membership.

(f) Provides for compensation for members of the board and the reimbursement of expenses.

(g) Forbids members of thee board to be engaged in other business.

(h) Provides that the board shall exercise the powers of the corporation.

(i) Provides for an oath of office by members of the board.

OFFICES AND EMPLOYEES OF THE CORPORATION

Section 5. (a) Authorizes the board to appoint employees of the Corporation and to fix their compensation.

(b) Provides that each contract to which the Corporation is a party shall be considered a contract to which the United States is a party for purposes of the Act of March 3,

1931 (40 U.S.C. 276a), and for the payment of prevailing rates of wages.

(c) Extends the benefits of Chapter 81 of Title 5 of the United States Code to employees of the Corporation.

(d) Forbids political tests or qualifications in appointments and promotions.

CORPORATE POWERS

Section 6. Provides for the general powers of the Corporation and the power of eminent domain in accordance with the provisions of Section 8 of the Act.

SPECIFIC POWERS AND DUTIES

Section 7. (a) Sets forth the specific powers and duties of the Corporation, including:

(1) the selection and location of sites for nuclear power plants and the planning, acquisition, construction and operation of facilities;

(2) invitation to Federal, State, and local agencies and to electric utilities and citizens' groups to participate in selection of locations for the construction of facilities, and coordination with the provisions of the Energy Reorganization Act of 1974;

(3) Establishment and maintenance of high standards of safety and environmental protection and the consideration of other national energy needs and programs.

(b) Authorizes the Corporation:

(1) where the private sector participates in selection of locations and in financing and construction, to enter into agreements for the lease or sale of completed plants and facilities;

(2) where no agreement is entered into under the preceding paragraph, to establish terms for the sale or lease of facilities; or

(3) to operate completed nuclear power generation plants and to produce, sell and deliver electric power.

(c) Prohibits the Corporation from entering into agreements for the sale, lease, or operation of plants with noncitizens or with corporations or associations substantially controlled by noncitizens of the United States.

EMINENT DOMAIN

Section 8. Gives to the Corporation the power of eminent domain in the name of the United States and designates the Corporation as the agent of the United States.

CORPORATE OFFICE AND BOOKS OF ACCOUNT

Section 9. Requires the Corporation to keep complete and accurate books of account and to select a location for the principal office of the Corporation.

REPORTS

Section 10. Requires the Corporation to make annual reports to the President and to the Congress.

BONDS

Section 11. (a) Authorizes the Corporation to issue and sell bonds, notes, and other evidences of indebtedness.

(b) Provides that payment of principal and interest on bonds issued by the Corporation shall be guaranteed by the United States.

(c) Sets forth the general requirements for the issuance of bonds.

(d) Provides that bonds issued by the Corporation shall be exempt both as to principal and interest from State and local taxing authority except estate, inheritance, and gift taxes.

(e) Declares the intent of this section to provide adequate authority and administrative flexibility to obtain necessary funds for the Corporation's activities and for the construction of the section to effectuate that intent.

APPROPRIATIONS

Section 12. Authorizes to be appropriated without fiscal year limitation $10,000,000,000 for the purpose of carrying out the provisions of this Act.

ALASKA VILLAGE DEMONSTRATION PROJECT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 5 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, the EPA is ready to proceed with the reconstruction of the Alaska Village demonstration project at the village of Wainwright, Alaska. I am introducing this bill to increase the original authorization to meet the new inflation-impacted cost estimates for the project. It is my hope action can be taken in the near future so the EPA can begin work in May. The bill follows:

H.R. 3813

A bill to amend the Federal Water Pollution Control Act in order to increase the authorization for the Alaska village demonstration projects.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 113(d) of the Federal Water Pollution Control Act is amended by striking out "$2,000,000" and inserting in lieu thereof "$3,500,000".

OFFSHORE DRILLING AND MARINE ENVIRONMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. FORSYTHE) is recognized for 10 minutes.

Mr. FORSYTHE. Mr. Speaker, yesterday I introduced a legislative package to regulate the development of the oil and gas resources of the Outer Continental Shelf. With this Nation's pressing energy needs, I believe offshore drilling is inevitable. However, as I said yesterday, this offshore activity can and must be regulated.

Today, I would like to examine some of the marine environmental issues surrounding the development of offshore oil and gas reserves. In the coming days, I will explore the technological ability of the oil industry to reduce marine oil pollution and I will examine the potential onshore environment impact related to offshore drilling.

The extent to which the marine environment is impacted by offshore oil and gas development depends, of course, on the incidence of oilspills. Statistical analysis reveals that between 1964 and 1972 there were only 4 oilspills of 5,000 or more barrels resulting from offshore drilling activities. This represents an accident rate of only 0.022 of 1 percent. If one looks at the period between 1953 and 1972, when virtually all offshore oil and gas wells were drilled, the accident rate for spills of 1,000 or more barrels was only 0.005 percent.

The 4 spills over 5,000 barrels discussed above resulted from transfer operations and cargo handling during exploratory and production drilling. Yet, to see the whole picture one cannot neglect the fact that a typical 10,000 foot offshore exploration well will generate approximately 2,100 barrels of waste cuttings weighing about 1,840,000 pounds.

This same well will also produce another 506,000 pounds of drilling mud waste. Often these cuttings and the drill mud are mixed with oil and, unfortunately, a typical disposal method is to pitch these wastes into the sea.

Nor do the spill statistics point out how oil companies frequently dispose of petroleum polluted water which is found buried next to oil deposits and which is brought to the surface with the oil. The typical well produces an average daily volume of 420,000 barrels of these "formation waters." Of that amount, it is not unusual for 180,000 barrels to be treated at the well site and dumped into the sea. The remaining 240,000 barrels are transported to shore for treatment and release. However, whether the oil-water separation treatment occurs at the well site or onshore, the separation process is not a totally clean one and often results in low-level oil pollution.

While the amount of oil introduced into the marine environment as a result of platform operations may not qualify as a major spill, it is nevertheless clear that low-level oil pollution may accompany offshore drilling operations. But, oil introduced into the marine environment because of oil-water separation and from the discharge into the ocean of drill cuttings and drilling mud represents only part of the problem.

Surface oil, whether created by a massive spill or a continuous discharge, may sink to the bottom by combining with particles in the water column or because of its heavy weight. Once settled upon the bottom, oil may persist in releasing its fractions into the ocean's waters for as long as 2 to 3 years in sandy areas of even longer where significant amounts of silt or mud are located. Although limited analysis has been done regarding the persistence of petroleum hydrocarbons in sediments, it is possible that some oil pollutants may survive for years or even decades. For example, oil spilled at West Falmouth, Mass., still remains in subtidal and marsh sediments over 3 years after the spill. Furthermore, buried oil discovered in the Santa Barbara Channel occurred from natural seepages over 25,000 years ago. The continued persistence and the possibility of spreading by bottom deposits may substantially delay ecological recovery of a community through constant repollution and continued toxicity. Clearly, because of the altering of the sediment characteristics, many affected areas will become unsuitable for marine organisms normally found there.

Yet, offshore drilling operations may result in oil being introduced into the marine environment by factors not directly related to drilling and production operations. Tanker and barge accidents, for example, and the cleaning, bunkering, ballasting, and pumping of oil from these vessels can result in significant oil pollution.

Similarly, waste discharges from refineries and petrochemical plants continue to pollute the rivers, bays, and creeks of coastal communities. Releasing up to several thousand gallons of oil per day, refineries daily pollute at concentrations of up to 10 to 100 parts per million with petrochemical plants polluting at even greater proportions.

The diversity of these spill factors and the variables associated with their incidence make it extremely difficult to predict the volume of oil which may be introduced into the marine environment because of offshore petroleum operations.

While predicting the volume of oil spillage is difficult, an analysis of the probable affects of that oil on the marine environment is even more difficult. Previously conducted research is inadequate. The data regarding the chemical, biological, and physical changes in the environment resulting from the continually increasing volume of petroleum hydrocarbons found in the world's oceans lacks completeness regarding first, the life history of certain species and second, certain biological information such as species fertility, survivorship, and larval life patterns. Without knowing this data, which will tell marine researchers what is the normal environmental conditions, it is difficult to determine what is the abnormal condition.

Although selected field studies have been conducted at actual spill sites, the infrequent occurrence of catastrophic oil-spills coupled with their status as a relatively new phenomena have prevented comprehensive analysis of short- and long-term ecological effects. Further, difficulties in duplicating natural conditions and the lack of standardization of bioassay testing methods have successfully precluded effective laboratory testing.

Nevertheless, one can identify numerous factors which all interact to determine a particular region's vulnerability. For instance, spills occurring in inshore areas will have a far different and perhaps a more severe impact than spills occurring at the drill-site because of the probability of inshore spills reaching environmentally sensitive coastal and estuarine areas.

Similarly, accidental spills of major proportions will have substantial immediate consequences, while chronic low-level spills will have subtler impacts occurring for a longer duration.

The severity of impact also parallels the physical characteristics of the oil. Saudi Arabian crude, for example, will have completely different effect than a refined South American oil. The differences are directly related to the oils' chemical make-up, since oil is a composite of thousands of hydrocarbon compounds each having various degrees of solubility, volatility, and toxicity.

Basically, three types of hydrocarbon compounds are found in petroleum oils: First, alkanes (also called paraffens of saturates; second, alkenes—which are only found in refined products; and third, aromatics—the most toxic of the three. Clearly, oil containing greater fractions of aromatics pose the most serious environmental problems. Thus, an oil slick only 1 or 2 days old having concentrations of soluble aromatics as low as 0.1 ppm may be lethal to marine organisms in larval stages. Adult marine organisms exposed to 1–100 ppm may be dead within a few hours. Thus light fuel oils containing more aromatics may effect marine organisms through toxicity, while heavy fuel oils may do more mechanical damage by smothering organisms.

The environmental impact of spilled oil is also influenced by the amount and concentration of oil. The degree to which the oil, as it spreads, is weathered by natural degradation, and whether the oil is concentrated in small areas where it will do more damage are major factors in determining spill toxicity.

The response of marine organisms to spilled oil depends not only upon the above factors but also upon the individual species sensitivity.

In the marine environment, individual organisms may be killed through first, destruction of the more sensitive larvae and fish eggs, second, direct exposure to water-soluble toxic hydrocarbon components which interfere with cellular and subcellular processes, and third, direct coating which may smother individuals by disrupting body insulation abilities of warm blooded animals and by interfering with such mechanical activities as movement and feeding.

Oil introduced into the marine environment will also have many indirect effects. Drastic physical changes in habitat which may destroy food sources or cause massive migrations. The incorporation of hydrocarbons in organisms may taint otherwise edible species with carcinogenic elements or cause genetic mutations. Chemical clues needed for survival, feeding, and reproduction may be disrupted. Although these indirect impacts do not result in the immediate death of marine organisms, the potential for long term effects is clear.

A major oil spill will have a different impact on marine organisms according to their mobility. Less mobile organisms are more likely to be trapped and killed by the oil. Finfish, on the other hand, normally swim away from an oil-impacted area. Because their surfaces are oil repellant, there have been few reports of spilled oil being directly toxic to these fish. However, the absence of these reports must be viewed circumspectly since laboratory testing has shown that petroleum and its refined products are quite toxic to various species of finfish.

Fish, however, are a vital renewable natural resource and while the effects of an oil spill on mature fish could be vast, the effect in fish larvae is even more sinister. Oil is 10 to 100 times more toxic to fish larvae and can destroy the breeding ground of various species—threatening future generations of fish. Man could be destroying his present as well as his future.

How marine fish organisms respond to oil pollution has serious implications for man. For example, a large spill would probably have two immediate effects on the commercial fishing industry in the affected area, first, a reduction in the catch size as fishing gear becomes fouled by the spilled oil and second, a drop in fish sales due to the contamination of those fish. In the mid-Atlantic region, a massive spill could severely effect New Jersey's $53 million commercial and recreational fishing industry which last year, employed approximately, 2,700 men directly with another 4,000 individuals involved in the processing industry.

Again, using New Jersey as an example, a complete ban against the taking of shellfish because of tainting such as that imposed after the spill near West Falmouth, Mass., could have disastrous effects for my States' shell fishermen who catch approximately 35,000,000 pounds of shellfish a year. Furthermore, the impact on the shellfish industry would be an enduring one since it could be as long as 17 years before destroyed beds have regenerated are able to produce at pre-spill levels.

Although New Jerseys' most important commercial fish, the menhaden, of which 60,000,000 pounds are caught annually, will probably be unaffected by massive larvae destruction, the hogchoker, which has four different age classes wintering simultaneously in an estuary will be very vulnerable. Because of the possibility of interrupting spawning process, another vulnerable species is the summer flounder, a game fish sought by over 1,800,000 middle-Atlantic salt water sport fishermen. In fact, last year, sport fishermen caught approximately 4,000,000 flounder. If these fish disappear, the impact on the mid-Atlantic recreation industry would be catastrophic.

Perhaps the most vulnerable marine organisms, however, are those birds living in or near estuarine waters. Not only are their mortality rates catastrophically high but their recovery rates are very low. Consequently, the possibility of extinction is not infeasible.

The danger of spilled oil to bird populations was made clear by the *Torrey Canyon* spill which resulted in the death of between 40 to 100 thousand birds. Unfortunately, this land count figure—may be a small proportion of the birds actually killed since it is estimated that only 5 to 15 percent of the dead birds washed onto shore.

Furthermore, immediate death is only one part of the problem because birds produce young at a rate of only two to three young a year, have a lengthy maturation rate of at least 3 to 4 years, and enjoy a longevity rate which may reach 40 years in some cases.

Of course, the effect of any spill depends largely upon the extent of the spill and the season in which it occurs. For example, a spill occurring in the winter months off the New Jersey coast could have a severe impact upon those species which make up the 356,000 waterfowl wintering there. The primary effect upon these birds, many of which are diving birds, is to coat their feathers with clinging oil particles. This disruption of the birds insulation and buoyancy abilities may cause them to sink and drown, to freeze, or become diseased. Unfavorable changes may also occur in their feeding, behavior, and reproductive patterns. During the spring new birds arrive off the New Jersey coast and should the spill occur after March 1, future genera-

tions of black ducks, mallards, and Canadian geese which breed in New Jersey's estuaries during the spring could be reduced. High mortality rates for Mid-Atlantic waterfowl will not only affect the entire ecosystem but will reduce the enjoyment of the 7 million bird-watchers, 5 million wild-life photographers, and 3 million water-fowl hunters located throughout the United States.

Thus far, I have spoken only of the effects of major oil spills. However, as I indicated substantial low-level pollution can occur through natural seepages and through the disposal of drilling wastes.

Studies indicate that as much as 50 ppm of oil may be continuously discharged from each oil-formation water separator unit, resulting in a contaminated surface area downstream of the platform. Obviously, freemoving fish and aquatic mammals will actively avoid the region.

However, less mobile organisms, such as phytoplankton, zooplankton, and shrimp, all of which anchor the food chain, may be swept through the impacted areas and killed. Other consequences of low-level hydrocarbon concentrations involve the disruption of photosynthesis and resipration. These low level but persistent oil discharges may also effect life processes concerned with survival, feeding, reproduction, and development of the young. For example, crude oil dissolved in concentrations of 20 to 40 ppb has affected the feeding behavior of lobsters.

Obviously, only a tiny portion of the widely dispersed species will be contaminated; nevertheless, the distinct possibility of the tainting and displacement of fish and fish feeding stocks cannot be ignored.

Mr. Speaker, it is clear that the placement of petroleum-drilling platforms on the Outer Continental Shelf could result in the introduction of oil into the marine environment. It is also clear that this oil may have a seriously adverse impact on the ocean environment.

The extent of the potential damage is sufficient to warrant our most careful consideration. It is significant enough that it should give us pause about the wisdom of plunging ahead with unregulated offshore drilling. I believe the information I have presented today argues eloquently for the prompt enactment of the environmentally protective legislation I introduced yesterday. While, this Nation needs the energy that lies below the Outer Continental Shelf, it is irresponsible to proceed with offshore drilling in a manner that will destroy the marine life of the Outer Continental Shelf.

PUBLIC WORKS EMPLOYMENT: A STEPPINGSTONE TO THE FUTURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 30 minutes.

Mr. ALEXANDER. Mr. Speaker, stripped to its barest essentials one of the most important single challenges facing our Nation today is getting our more than seven and a half million jobless citizens together with jobs.

Our tradition of Government activity in helping the unemployed find work is more than four decades old, and our efforts have focused on both the private and public sectors of our economy.

The current economic and employment crisis can be a steppingstone for the future if a public works employment program which builds investments in community improvement is a part of our recovery package. But it will be a stumbling block if we simply throw money at the problem creating what amounts to leaf-raking activities without making the jobs and money serve also as building blocks for the future.

We have taken two principal approaches to the problem, particularly since 1960. Congress has made Federal resources—dollars and technical assistance—available to a variety of public and private groups working toward creating expanded productive job opportunities. And, specifically in the past year, we have funneled money into the State and local government sector for hiring the unemployed and underemployed for work in providing public services.

A congressional action of major importance in this area was the passage during the final days of the 93d Congress of the Emergency Jobs and Unemployment Assistance Act—EJUAA. I single out this law for discussion for two reasons. First is the variety of approaches in dealing with the unemployment problem which the law embodies. And, second is the current philosophical conflict between the administration and the Congress which threatens to block achievement of the aims which prompted the Congress to enact the law.

The EJUAA did three basic things:

Expanded the public service employment program authorized under the Comprehensive Employment Training Act;

Expanded the number of persons who can receive unemployment insurance checks and the number of weeks they can receive them; and,

Created public works employment programs that can both provide jobs for the jobless and a long-range or permanent improvement for the communities in which the jobs are located.

The course of economic history makes it clear that thus far we have been on an employment roller coaster. First we are up in terms of the jobs available to those of our citizens who want to and can work. Then we are down so far that unemployment levels are totally unacceptable, as is the case now. The time is long past for putting an end to our habit of legislating by crisis. We must initiate a two-prong approach which deals with our unemployment on both a short-term and long-term basis. And we must do it in such a way that the investment of taxpayers' dollars that we make gives us the greatest possible return in human and economic terms.

For me, the provisions of the EJUAA bring into sharp focus some of these human and economic questions for which we as a Congress and as a Nation must find solutions. Foremost among these questions are:

Will the same programs work as well for the countryside as for the cities?

Should these programs generate direct, indirect, and induced jobs, or just one or two of these types?

Should our goal be solely to put the jobless to work, or should it be to put the jobless to work and help keep those who are already employed working?

Should our jobs programs be solely directed at putting our citizens on payrolls, or should they have a double-barreled effect of providing employment and long-term or permanent community improvements?

Should the effectiveness of our jobs programs be evaluated simply on how many people find work and how rapidly, or on that factor plus others such as their contribution to increasing the gross national product, their impact on bringing into full use our Nation's production and consumption capacity?

Our national experience with the public service employment programs authorized under the Comprehensive Employment and Training Act and expanded under the EJUAA makes the answer to our first question clear. Public service employment programs are far more effective for cities and densely populated counties where the demands for public services are very heavy. In countryside areas the number of public service jobs is far less, though the burden of joblessness is no less cruel.

Therefore, public service employment programs offer more hope to the cities than to the citizens of the countryside. What the countryside needs most is another kind of effort—a public works employment program.

A public works employment program, such as that authorized under title X of the Public Works and Economic Development Act which was authorized in the EJUAA, makes good human and economic sense in a number of ways. It puts people to work. It has the potential of taking up destructive slack in our private construction and production industries, thereby creating indirect and induced jobs as well as generating direct jobs. It provides long-term or permanent community and public improvements.

In its unbridled effort to deprive the public works employment program of funds and fatten up the public service employment programs thereby increasing the Federal jobs assistance to the metropolitan areas, the administration seems to be forgetting the crushing unemployment problems of the citizens of the countryside and the need to generate employment in nonmetropolitan areas.

I am gratified that my Subcommittee on State, Justice, Commerce, and the Judiciary of the Committee on Appropriations has rejected the efforts to cripple the public works employment program by recommending against the rescission of the $125 million appropriated for title X.

The administration argues that the program is too expensive and that the jobs are not generated until too late in the unemployment cycle.

I believe that, when a fair and comprehensive evaluation of the impact of an effective public works employment program is made, the facts will not support the administration's contention. It is true that the public works employment program, on the surface, is more expensive than a straight public service employment program. But a public works employment program puts people to work directly on the project involved; it creates a demand for products from the Nation's manufacturing system which employs other persons; it produces public improvements which will continue to benefit the communities and the Nation even after the jobs program has ended; and, when the income earned by our citizens working on these projects and in the businesses and industries providing the products and services for the project is spent, it helps maintain or generate jobs for still other citizens. To get a true picture of the cost of public works employment programs we must consider all these factors.

Further, I believe that the response of the Federal, State, and local government groups to the directives of section 1004 of title X of the Public Works and Economic Development Act demonstrates that there are thousands of labor intensive public works employment projects that are ready to go into operation soon as their sponsors have funds. Under the terms of section 1004 the groups submitted to the Secretary of Commerce this month a listing of projects which they would undertake if they had the funds. To be eligible, the projects had to be:

Labor intensive, use more money for jobs than materials;

Subject to a substantial portion of the work being completed within 12 months; and,

Able to contribute significantly to the reduction of unemployment in an eligible area.

I will include in the RECORD, at the end of my remarks, information from just three of the groups which submitted recommendations for public works employment projects under title X. I offer this data as an illustration of the availability of public works employment projects which are ready to go and just waiting on funding.

This is by no means whatever a complete listing of the recommendations the Secretary of Commerce received or of the creative and innovative approaches to using such a program that have been suggested. Nevertheless, I believe my colleagues will find it useful for purposes of initial discussion of the public service employment versus public works employment controversy.

Finally, I would conclude with a brief comment on the need for Congress to take action on establishing the permanent mechanism for a public works employment program which would be triggered by rising unemployment levels. One of the problems which has made itself clear both in the effort to implement the public works impact program of some years ago and the title X public works employment program is that the mechanism is not in place for monitoring on a continuing basis the existence of plans for projects which could achieve the goal of putting the jobless to work rapidly.

I believe that the Congress must establish such a capability for monitoring within the Department of Commerce. In addition, we must gear up so that when national unemployment reaches and remains at a level of, say, 6 percent for 3 consecutive months, the project funding can be immediately appropriated and necessary project selection and fund allocation work can be completed within 30 days after the unemployment rate moves on to the 6.5 percent level and remains there for 3 consecutive months.

Except in times when the unemployment levels are high enough to trigger the funding of projects under the public works employment program, it would be necessary for Congress to appropriate on an annual basis only the funding necessary for the monitoring and data-gathering and dissemination functions.

Enactment of such a program for public works employment as permanent legislation is a critical step toward providing our Government with essential capability for quick response to rising unemployment problems. The existence of such a program would help us avoid the patchwork, rush analysis of potential projects which we have so often found ourselves doing in critical unemployment situations. Such a program would encourage long-term planning and would let Congress avoid the need for the crisis-response legislating that we have been doing in our efforts to relieve the Nation's unemployment problems.

I include the following:

THE OZARKS REGIONAL COMMISSION,
Little Rock, Ark., February 7, 1975.

Hon. WILLIAM ALEXANDER, Jr.,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ALEXANDER: Bill Fribley, Federal Cochairman of the Ozarks Regional Commission, asked that I send you a copy of all Title X (Public Works and Economic Development Act of 1965) projects submitted from the State of Arkansas through the Ozarks Regional Commission.

I am enclosing an index of all projects with the total number of potential jobs, and the funds requested. A copy of the projects will follow as soon as they can be duplicated and shipped.

We feel the tremendous response (more than $25 million in requests) in a very short time (just over one week) shows the need for this kind of program, and the interest State and local governments have in participating.

Thank you for your interest. If we can provide additional information, please let us know.

Sincerely,

THOMAS C. MCRAE,
Arkansas Liaison Officer.

	Amount	Approximate jobs
Total for 62 Sta.e of Arkansas projects	$9, 110, 905. 06	1, 262
Total for 123 projects in 8 planning and development districts	16, 338, 309. 00	2, 000
Total amount of projects submitted	25, 449, 214. 06	3, 262

NORTHWEST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT

Project title	Amount	Approximate jobs
1. Baxter County road improvements	$75, 800	6
2. Benton County road improvements	104, 000	8
3. Siloam Springs bridge construction	60, 900	9
4. Boone County road impovements	71, 137	8
5. Madison County road improvements	66, 000	8
6. Marion County road improvements	76, 350	9
7. Newton County road improvements	71, 000	8
8. Jasper water system improvements	68, 475	7
9. Searcy County road improvements	81, 340	10
10. Marshall street improvements	265, 788	33
11. Washington County road improvements	402, 576	16
Subtotal	1, 343, 366	122

WHITE RIVER PLANNING AND DEVELOPMENT DISTRICT

Project title	Amount	Approximate jobs
1. County road maintenance and park improvements, Cleburne County	$30, 000	5
2. County road maintenance and park improvements, Fulton County	30, 000	5
3. County road maintenance and park improvements, Independence County	60, 000	9
4. County road maintenance and park improvements, Izard County	30, 000	5
5. County road maintenance and park improvements, Jackson County	60, 000	9
6. County road maintenance and park improvements, Sharp County	30, 000	5
7. County road maintenance and park improvements, Stone County	30, 000	5
8. County road maintenance and park improvements, Van Buren County	30, 000	
9. County road maintenance and park improvements, White County	60, 000	9
10. County road maintenance and park improvements, Woodruff County	30, 000	5
11. Flood controk, city of Diaz	20, 000	3
12. Flood control, city of Cotton Plant	20, 000	3
13. Flood control, city of Bald Knob	20, 000	3
14. Flood control, city of McCrory	20, 000	3
15. Newport Park improvements	20, 000	3
16. Calico Rock Park and drainage project	15, 000	3
17. Bebee City park	15, 000	3
18. Independence County service building	100, 000	20
19. Jackson County service building	100, 000	20
20. Cleburne County service building	100, 000	20
Total	820, 000	143

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT

Project title	Amount	Approximate jobs
1. Keiser water system	$180, 000	45
2. West Memphis water treatment	282, 851	6
3. Marked Tree municipal building—Site preparation	5, 000	4
4. Marked Tree park improvements	5, 000	6
5. Marked Tree drainage	15, 000	6
6. Marked Tree municipal improvements	10, 000	6
7. Paragould train station	139, 000	55
8. Marianna City park	25, 000	12
9. Forrest City park improvements	30, 000	28
10. Jonesboro creek clearance	175, 000	63
11. Jonesboro northside drainage	92, 000	25
12. West Helena library	100, 000	39
13. West Helena street project	72, 000	38
14. Jonesboro Washington street drainage	160, 000	45
15. Jonesboro community center	18, 400	9
16. Craighead forest recreation area	31, 000	8
17. Jonesboro northside park	17, 300	9
18 Jonesboro park system improvements	5, 400	4
Total	1, 362, 951	408

SOUTHEAST ARKANSAS ECONOMIC DEVELOPMENT DISTRICT

Project title	Amount	Approximate jobs
1. Community building, Prattsville	$35,000	12
2. Community building, Arkansas City	35,000	12
3. Community building, Kingsland	35,000	12
4. Community building, Rison	35,000	12
5. Community building, Star City	35,000	12
6. Community building, Dermott	35,000	12
7. Community building, Gould	35,000	18
8. Municipal building, Dumas	200,000	37
9. County office building, Star City	200,000	37
10. Community building, Hermitage	35,000	12
11. Community building, Wilmar	35,000	12
12. Community building, Wilmott	35,000	12
13. Community building, Gillett	35,000	12
14. Community building, DeWitt	35,000	12
15. Community building, Altheimer	35,000	12
16. Community building, Humphrey	35,000	12
17. Community building, Leola	35,000	12
18. Municipal building, Monticello	250,000	33
19. Community building, Eudora	35,000	12
20. Community building, Hamburg	35,000	12
21. Community building, Mitchellville	35,000	12
Total	1,280,000	329

CENTRAL ARKANSAS ECONOMIC DEVELOPMENT DISTRICT

Project title	Amount	Approximate jobs
1. War Memorial Park development—City of Little Rock	$540,000	40
2. DeValls Bluff City Park and water	60,000	13
3. Clarendon riverfront campground	40,000	20
4. Conway—Park development	100,000	10
5. Jacksonville—Recreation park	50,000	6
6. Upgrade water distribution system—City of Little Rock	120,700	14
Subtotal	910,700	103

WEST CENTRAL ARKANSAS PLANNING AND DEVELOPMENT DISTRICT

Project title	Amount	Approximate jobs
1. Clearing and site preparation for Arkadelphia Central Park	$100,000	18
2. Okolona Public Recreation and Elderly Center	77,507	16
3. Montgomery County community improvements	50,000	14
4. Hot Springs, water service adjustment, Malvern Road	120,000	12
5. Hot Springs, Wood Street drainage improvements	106,000	12
6. Hot Springs, Racetrack Drive improvements	205,000	21
7. Malvern, Town Creek drainage	200,000	16
8. Arkadelphia, Mill Creek drainage	75,000	15
9. Morrilton, remodling municipal building	262,160	7
10. Recreation park, Conway County	50,000	20
11. Renovation community center, Dardanelle	60,000	15
12. Danville Recreation Park	60,000	20
13. Yell County, Sulphur Springs Park	20,000	8
14. Smiley Bayou, drainage flood control	50,000	15
15. Pope County, works assistance to rural communities	30,000	20
16. Historical restoration, Pope County	25,000	4
17. Renovate museum, Clarksville	30,000	10
18. Rural road assistance, 10 counties	300,000	20
Subtotal	1,820,667	263

SOUTHWEST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT

Project title	Amount	Approximate jobs
1. Texarkana, drainage (Nix Creek)	$84,000	12
2. Magnolia, South High Street	42,000	8
3. Camden, multiple improvements	26,000	5
4. Magnolia, park improvements	25,000	5
5. Magnolia, sanitary landfill	50,000	5
6. El Dorado, park improvements	35,000	6
7. Nashville, park improvements	34,000	8
8. Hope, multiple improvements	65,000	10
Total	361,000	59

WESTERN ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.

Project title	Amount	Approximate jobs
1. Old city restoration	$2,000,000	214
2. Van Buren industrial park	1,310,000	43
3. Alma Park improvements	27,550	11
4. Greenwood Park improvements	27,550	11
5. Crawford County industrial park	165,000	65
6. Fort Smith Port	300,000	19
7. Sebastian water users	3,000,000	136
8. St. Edward Mercy Hospital, city of Paris	1,400,000	43
9. Westark Community College, job training facility	173,100	8
10. Westark Community College, outdoor recreation physical fitness facility	31,000	20
11. Westark Community College, redecorating occupational education facility	5,425	3
Subtotal	8,439,625	573

THE APPALACHIAN REGIONAL COMMISSION,
Washington, D.C. February 11, 1975.

Hon. BILL ALEXANDER,
House of Representatives,
Washington, D.C.

DEAR MR. ALEXANDER: This is in reply to your letter requesting a copy of the information the Commission submitted to the Secretary of Commerce pursuant to Section 1004 of the Public Works and Economic Development Act of 1965.

Because of the time constraints (the Secretary's letter was dated January 21, 1975), many of the 1,060 projects submitted were brief descriptions only, not complete applications. In addition, there was substantial confusion on the local level between public service job projects eligible under Title I of P.L. 93-567, and those eligible as public works job opportunity projects eligible under Title III of P.L. 93-567.

Because of the time constraint and the brief descriptions, it was not possible to give each project a thorough review. The Commission has to date only received, catalogued, and transmitted them to the Secretary.

We have now begun the necessary review. This process, I am sure, will reduce the number eligible for Title X assistance because I am told many are actually public service job projects.

The Commission has also made application for $10 million in Title X funds to carry out a home renovation and insulation project in the region. I am enclosing a copy of our letter concerning this project and a brief description.

The Commission is aware that the Federal Energy Administration (FEA) is submitting a list of Mine Area Restoration projects totalling approximately $25 million in Title X funds. These projects are, if approved by the Secretary, to be administered jointly by FEA and the Commission, using the authority in Section 302 and 205 of the Appalachian Regional Development Act of 1965 (40 App USC 302 and 205). I am enclosing a copy of a letter we have sent to the Secretary endorsing this FEA proposal.

In line with your request, I will continue to keep you advised as we submit our further reviews and comments to Secretary Dent.

With best wishes.

Sincerely,

DONALD W. WHITEHEAD,
Federal Cochairman.

THE APPALACHIAN REGIONAL COMMISSION,
Washington, D.C., February 5, 1975.

Hon. FREDERICK B. DENT,
Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: In accordance with your letter to the Appalachian Regional Commission of January 21, 1975, we are happy to transmit on behalf of the thirteen Appalachian States and the Appalachian Regional Commission completed "Inter-Agency Survey Reporting Forms for Proposed Activities Under the Job Opportunities Program."

In submitting these projects to the Appalachian Regional Commission, the Appalachian States acted under a very severe time constraint. The short time before your deadline of February 5th for submission of these projects to your office—only two weeks after receipt of your letter—made impossible the usual thorough analysis and integration of these projects with State Appalachian Development Plans by either the States or our staff. The lack of time and specific criteria also made it impossible to determine with certainty the eligibility of these projects. Nevertheless, we are confident that the projects which meet all of your criteria and ARC's will amount to a substantial portion of the total submitted and, once all the criteria are made clear, the Appalachian States and local development districts can ably assist in determining those which are eligible and merit priority funding.

Our staff did make an effort to provide summary tables for each State's projects where time permitted. In addition, those projects with labor requirements of 75 percent or more of project cost are identified and, as is shown on the attached summary table, these would require $56 million.

Included among these projects is one generated by the Appalachian Regional Commission staff which relates to renovation of housing and conservation of energy in the region. This project clearly meets the priority needs of both the Commission program and your legislation.

We have some concern that your review of the quality of these projects will necessarily be constrained due to the paucity of information required. We do recognize that there may be some confusion between Title I of the Emergency Job and Unemployment Assistance Act which deals with Public Service Employment and Title III which creates Title X of the Public Works and Economic Development Act. While time did not permit thorough screening and checking with the States for this factor, we will work with you in doing so.

We transmit these survey forms in accordance with the terms of your letter and information provided by Mr. Nat Maryn. Full funding of all of the attached projects would require an aggregate of $237 million in Federal funds under the new Title X of the Public Works and Economic Development Act. Recognizing that some of the projects may prove to be either of low priority or ineligible, nevertheless, of the total submitted, $56 million alone is for projects having 75 percent or more for labor costs. In light of the fact that there is only $125 million appropriated at this time for these purposes, however, we are formally applying for only $25 million on behalf of the Appalachian Regional Commission. Given the magnitude of need evidenced by these submissions, it may be quite appropriate to discuss with you additional funding for these purposes.

The Appalachian Regional Commission will continue to review these projects for consistency with Appalachian State and regional plans. We intend to submit additional material prior to the statutory deadline of February 15, 1975. We recognize the urgency for action and would like to take this opportunity to offer the full resources of the Appalachian Regional Commission and the States to help you implement this critical job creation program promptly.

Sincerely,

APPALACHIAN REGIONAL COMISSION,
DONALD W. WHITEHEAD,
Federal Cochairman.

JOHN D. WHISMAN,
States Regional Representative.

Attachments.

SUMMARY OF PROPOSED ACTIVITIES UNDER THE JOB OPPORTUNITIES PROGRAM

State	Number of projects	Total Federal funds	Federal funds in projects with 75 percent or more labor costs
Alabama	224	$17,695,874	$9,770,140
Georgia	29	4,211,850	436,350
Kentucky	62	4,270,724	1,161,668
Maryland	70	23,214,595	2,199,287
Mississippi	101	9,451,472	4,309,972
New York	46	9,896,441	2,073,522
North Carolina	106	10,634,259	4,529,988
Ohio	102	8,629,550	2,833,400
Pennsylvania	26	7,414,070	3,424,355
South Carolina	53	9,477,665	1,744,441
Tennessee	34	10,754,238	415,000
Virginia	8	974,814	356,400
West Virginia	210	110,832,507	16,049,857
ARC	1	10,000,000	6,900,000
Total	1,061	237,458,059	56,204,380

FEBRUARY 14, 1975.

Hon. FREDERICK B. DENT,
Secretary of the Department of Commerce, Washington, D.C.

DEAR MR. SECRETARY: The purpose of this letter is to transmit the capability of the Civil Works Directorate, U.S. Army Corps of Engineers to perform work under authority of Section III of the recently enacted Emergency Jobs and Unemployment Assistance Act (P.L. 93-567). The analysis of our budget as required will be forwarded separately on 19 February 1975. This information is provided in accordance with understandings reached in a meeting between Brig. Gen. Kenneth E. McIntyre, Mr. Nat Maryn and other members of our respective staffs on 9 January 1975. This information has also been provided to the Secretary of the Department of Labor.

Capabilities for the various Military Departments will be provided under separate cover in response to your letter to the Secretary of Defense dated 21 January 1975.

The total capability for the Corps Civil Works program is $137.8 million. Of this total, $114.7 million is included to perform operation and maintenance functions at our water resource development projects. $23.1 million is included for construction of recreation facilities at completed projects. This latter account is referred to as the Code 710 Program. All estimated costs are 100% Federal costs.

There is no legal requirement that local interests contribute any portion of the expenses for the Code 710 Programs. It is important to note, however, that the Administration presently requires, as a policy matter, that a contract be entered into with an appropriate non-Federal agency who must agree to pay 50% of the development costs and assume the O&M responsibilities for any recreation area targeted for the expenditure of Code 710 funds. Therefore, it would be necessary for the Administration to waive this policy requirement to enable us to utilize that portion of our above capability identified as Code 710.

As soon as funds are made available to the Corps they can be obligated. Actual work can be initiated with a maximum of 30-40 days lead time and will be completed within one year.

We have the capability to employ 19,314 people, representing 135,660 man-months of employment, under this program. Our total capability includes $111.1 million for labor costs. Although we have not analyzed the composition of labor requirements it appears that the bulk of the people we would hire would fit into the Blue-Collar Skilled and Unskilled Labor classifications.

The work which we propose will generally be accomplished by hired labor and equipment rental. However, some work will be done by contract. The legal and administrative requirements for implementation of the Davis-Bacon Wage Rate Act will be adhered to as applicable to the type of work to be performed.

The work items which we have included in our proposed program constitutes a partial backlog of items which we have not been able to accomplish due to personnel and budgetary limitations. Accomplishment of this work will meet local needs by placing facilities and natural resources in a better state of repair for use and enjoyment by the local people. Each year the backlog of important work becomes greater. The long term benefits to be gained by catching up on these work items will be very important in the proper management of water resource projects for the American people.

Sincerely,

J. W. MORRIS,
Director of Civil Works.

PROHIBITION OF FLIGHTS OF SUPERSONIC AIRCRAFT OVER AND OUT OF THE UNITED STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, it gives me great pleasure today to reintroduce, with 20 distinguished colleagues as cosponsors, legislation to prohibit flights of supersonic aircraft into, over or out of the United States, pending favorable environmental studies by the Environmental Protection Agency, the Secretary of Transportation, and the Congress.

As you will note from the names of our colleagues who have joined together in the effort to prevent flights of the SST, a noisy, uneconomic, and environmentally questionable aircraft, concern is being expressed from coast to coast of our great Nation.

Further, Mr. Speaker, fears, well-founded fears, I might add, have been expressed regarding the British-French Concorde in the very home of these gigantic white elephants which our good friends and allies would like us to help bail out of trouble.

At the close of my remarks today, I will present for the RECORD a letter I received this week from Mr. John Butler, chairman of the Heathrow Association for the Control of Aircraft Noise, in London, England. Mr. Butler's group, which represents more than 20,000 members in Great Britain, has been contending with the Concorde for years, and I hope that the House will be able to profit from our sister nation's experience, negative though it has been.

As Mr. Butler so eloquently points out, the Concorde represents a threat quite apart from the potentially severe ozone layer effects, and the resulting incidence of skin cancer, which I have dealt with at length in previous statements, and will again summarize briefly later today.

To quote Mr. Butler:

This aircraft will be, by the manufacturer's calculations which we assume to be optimistic, at least as noisy as the noisiest aircraft now in operation. I do not know whether it might not be helpful to your case, and ours, if you attempted to ban Concorde from Kennedy simply on grounds of excessive landing and takeoff noise which adversely affects the environment on the ground.

Precisely the point, Mr. Speaker, and the one which I first raised on January 29 when discussing my legislation in the wake of an announced 50-flight test series request for John F. Kennedy Airport outside New York, perhaps as early as May.

As I said nearly 1 month ago, it really makes no difference if the SST is finally judged environmentally safe in the strictest sense, because the fact is that we in America today already suffer too much noise. We do not need any more.

And we most especially do not need a gratutious intrusion from across the seas when Congress, in its wisdom, has already ruled that American manufacturers cannot and should not build an SST.

Now, Mr. Speaker, let me turn to the environmental threat to the ozone layer of the Earth's atmosphere for a moment, a topic upon which I have already addressed the House on a number of occasions this year. I am happy to present for the RECORD an editorial from a leading newspaper in New York, Newsday of Long Island, which sums up the problems and fallacies in any attempt to "revive" the SST either at home or abroad.

This editorial very kindly calls attention to my efforts to gain a congressional investigation of a report by the Department of Transportation minimizing the environmental effects of the SST, and I would again ask my colleagues to encourage the Office of Technology and Assesment to undertake this effort in behalf of the American people. It is becoming increasingly evident, I am sorry to say, that we in Congress must rely on our own resources if we are to get a truly accurate assessment of even so grave a danger as destruction of the Earth's ozone layer.

I hope that the OTA will be able to consult with two distinguished atmospheric researchers, Dr. Thomas Donahue, chairman of the Department of Atmospheric and Oceanic Science, University of Michigan, and Dr. Harold Johnston, an atmospheric chemist at the University of California, Berkeley. Both of these gentlemen have had extensive remarks already presented by me for the RECORD, and I would again ask the privilege of commending their findings to the attention of the House.

According to both of these gentlemen, and despite the optimistic publicity allowed by the Department of Transportation, the fleet of Concorde-type SST's due to be in operation by the 1990's could cause as many as 300,000 cases of skin cancer in the United States alone during the operational life of the aircraft.

Now it may well be that the noise and ozone problems with SST's can be ironed out, as is suggested by Dr. Alan Grobecker, manager of the DOT's climatic assessment study which is so strongly challenged by myself and others. Indeed, Dr. Grobecker was kind enough to write me and express the hope

that I would call attention to sections of his report which mentioned the necessity of improvements before the SST could be environmentally acceptable.

However, Mr. Speaker, let me once again point out that Congress heard a very full debate on the necessity and utility of the SST in 1971, and I, for one, have heard absolutely nothing in the meantime to prompt me to change my mind.

In conclusion, Mr. Speaker, let me say that while the Federal Aviation Administration has yet to issue its final recommendation on the Concorde, I fear that if the tenor of the information it is receiving, and upon which it will base its recommendation, is that of Dr. Grobecker's report and its surrounding publicity, then we are in very grave trouble indeed.

I must reluctantly conclude that we face the real possibility that the express will of Congress is about to be circumvented in a highly questionable manner, and it is for this reason that 20 of my colleagues and I have today submitted our bill to ban all SST flights until we are fully satisfied as to the acceptability of these aircraft.

As one of my constituents, Mrs. Jean Wood, of Port Washington, N.Y., pointed out to me recently:

A true conservationist is a person who knows that the Earth is not given to him by his fathers, but borrowed from his children.

Thank you, Mr. Speaker. I now submit for the RECORD, my bill and its cosponsors, the editorial from Newsday, and the letter from our British friends opposed to the SST:

H.R. —

A bill to prohibit the commercial flights by supersonic aircraft into or over the United States until certain findings are made by the Administrator of the Environmental Protection Agency and by the Secretary of Transportation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it shall be unlawful to operate a supersonic aircraft, manufactured in the United States or in a foreign nation, for a commercial flight at supersonic or subsonic speeds in the navigable airspace of the United States until—

(1) the Congress, by law, approves findings by the Administrator of the Environmental Protection Agency that the operation of such supersonic aircraft in the navigable airspace of the United States will not have detrimental physiological or psychological effects on persons on the ground and will not have detrimental effects on the environment; and

(2) the Secretary of Transportation shall have made affirmative findings, and submitted a written report thereon to the Congress, that the operation of supersonic aircraft in the navigable airspace of the United States meets all noise, environmental, and safety standards prescribed under the Federal Aviation Act of 1958 with respect to the operation of aircraft in the navigable airspace of the United States.

LIST OF COSPONSORS

Ms. Abzug; Mr. Addabbo; Mr. Badillo; Ms. Burke; Mr. Carr; Mr. Eilberg; Mr. Ford (Tenn.); Mr. Harrington; Ms. Holtzman; Mr. Koch; Mr. Mitchell (Md.); Mr. Pattison (N.Y.); Mr. Rangel; Mr. Roybal; Mr. Scheuer; Mr. Seiberling; Mr. Solarz; Mr. Studds; Mr. Tsongas; Mr. Yates.

KEEPING THE CONCORDE OUT OF KENNEDY

Britain and France, the sponsors of the white-elephant Concorde supersonic jetliner, are asking the Port Authority of New York and New Jersey to open Kennedy Airport for at least 50 Concorde demonstration flights.

Tactically, this effort to move into transatlantic commerce is brilliant. Like a skillful burglar inserting his crowbar at the weakest spot in a door, the Anglo-French forces have found a gap in the American defense against this affront to the environment and to the economics of air transport.

As Kennedy Airport's proprietor, the Port Authority has the power to grant or deny permission for these demonstration flights. But the 12 Port Authority commissioners are relatively immune to pressure from the governors and legislatures—and therefore the people—of New York and New Jersey. They were appointed, not elected, and they have no constituency except the holders of Port Authority bonds. They shouldn't be the final authority on this crucial decision.

In New York, Governor Carey has made it clear he wants to bring the state's public authorities back under the control of government. He and New Jersey's Governor Brendan Byrne should cooperate in moving legislation to curb the broad policymaking powers of their Port Authority appointees.

The Concorde decision is important because the demonstration flights would begin the complex process of winning U.S. Department of Transportation approval for scheduled Concorde flights across the Atlantic. Beyond the state-level initiative, we strongly support the effort by Representative Lester Wolff (D-Kensington) to win passage of a bill in Congress that would flatly ban all SST flights in this country pending a full environmental study.

These high-flying, supersonic planes destroy the earth's ozone layer. Thomas M. Donahue, a University of Michigan scientist, has estimated that 500 SSTs could destroy 40 per cent of the ozone in a single year, causing hundreds of thousands of new cases of skin cancer. Donahue's estimate and a Department of Transportation study that minimized the effect on the ozone are the subject of controversy. The careful environmental study demanded by Wolff is clearly a necessary prelude to any responsible decision on the Concorde.

Beyond the plane's impact on the economy of air transport, the Concorde costs twice as much to buy and twice as much to operate as a 747 jetliner. It will serve an affluent elite, and if it doesn't produce profits its losses will be reflected in the fares of subsonic flights, because that's the way airline economics works: Heavily traveled routes help pay for less traveled ones. As one analyst put it, the Concorde would be a case of the masses paying for the classes.

It was a foolish venture from the beginning, and Congress acted wisely in refusing to subsidize an American effort to produce an SST. Britain and France, on the other hand, made a mistake. But that doesn't mean the rest of the world has to pay for it.

HEATHROW ASSOCIATION FOR THE CONTROL OF AIRCRAFT NOISE,
Chiswick, London, February 21, 1975.

Representative LESTER WOLFF,
House of Representatives,
The Capitol,
Washington, D.C.

DEAR MR. WOLFF: I am writing on behalf of this Association to welcome the bill that you introduced in the House last month to ban overflights by supersonic aircraft in the U.S.

HACAN is an association which has been in existence since 1966 to bring pressure on government to reduce the nuisance caused by aircraft noise in the environs of Heathrow. Currently our membership, which includes affiliated amenity societies, tops 20,000. Our objections to Concorde are based on the fact that it is noisier on take-off and landing than any aircraft currently operating through Heathrow. We are promised a quieter model for service conditions by Lord Beswick, the minister responsible. But even this aircraft will be, by the manufacturer's calculations which we assume to be optimistic, at least as noisy as the noisiest aircraft now in operation—a British tri-jet model called the Trident.

Clearly our interest is to prevent aircraft like Concorde using Heathrow because of its sub-sonic noise; your interest of course is to prevent the machine flying at supersonic speeds to the hazard of the environment. It may, however, be possible, even if your bill is passed through Congress, for SSTs to use Kennedy on transatlantic flights since they would not need to overfly U.S. territory at supersonic speeds. I do not know whether it might not be helpful to your case, and ours, if you attempted to ban Concorde from Kennedy simply on grounds of excessive landing and take-off noise which adversely affects the environment on the ground!

May I wish you good luck in your endeavours, which we will follow with great interest.

Yours sincerely,

JOHN BUTLER,
Chairman.

A CITY BETRAYED—NO. 11 SERIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 10 minutes.

(Mr. GONZALEZ asked and was given permission to revise and extend his remarks.)

Mr. GONZALEZ. Mr. Speaker, this will be known as "A City Betrayed, No. 11 Series."

I have over a period of time, embodying now 11 separate occasions, addressed myself to the House through this forum in order to point out the rather tragic circumstances besetting my native city of San Antonio, Tex., the unbelievable ramifications of its problem involving high and low individuals in the social totem pole, in the economic totem pole, and on the financial and political totem pole.

Also, I have stated, not as extensively as I shall, God willing in the future, what some people have considered simply astounding, the web of intrigue and connection between crime, highly sophisticated organized crime, and the various and sundry elements in our society.

I feel impelled to speak out. Now, reverting to the sorry history involving San Antonio's gas problem, remembering that San Antonio is rated as the 11th largest city in the Nation and the 3d in the State of Texas, the seriousness of this problem can very well be appreciated.

Probably the first outsiders to suspect that the company that took over the contract in San Antonio—as I have pointed out, under very suspicious, mys-

terious, and questionable circumstances, known as Coastal States Gas Co., and its main factotum or owner, Oscar Wyatt, in particular—were less than trustworthy—were the auditors.

Now, every one of these companies is supposed to have auditors. We have seen where this has been a matter of national concern in the case of Watergate, in the recent indictment of attorneys and accountants with respect to falsification of documents, and so forth. On the financial front we have seen the wholesale scandals brought about by the defrauding of millions of Americans by dishonest corporate officers.

In order to do that, it had to be based mostly on insiders dealing and information, either with the unwitting or the incompetence and the lack of knowledge on the part of otherwise respectable auditors. The company auditors play a very important part in any enterprise, and this is true in San Antonio to a certain extent.

They were the first ones in the case of San Antonio—we discover now through happenstance, because one of the attorneys had a penchant for writing notes to himself—who suspected things were wrong.

The notes revealed that the company auditors were the first to get nervous years ago. Problems started coming up with the auditors at least as far back as 1964. Norman Davis, the long-time attorney for Coastal States, reporting on a colleague's statement about the auditors' suspicions—and I quote from his notes:

> Today, top partners of T/R (Touche, Ross & Company) just don't believe us, and are suspicious of us, because we have withheld info from them and have intentionally misled them—can't make another misstep with them.

The nervous Coastal executives were counseled, according to Davis' notes, and I quote this counsel:

> Have to assure the auditors that we will take steps to see to it that past mistakes, any failure of information, et cetera, will be unintentional.

Coastal had become careless, and the financial backers and the auditors had to be calmed down. The natives were getting restless. Presumably, this was done somehow.

Years later, in 1973, Davis reported on another conference by nervous Coastal executives. This time, the problem was how to defend against damages arising from Coastal's failure to deliver gas required by contracts. During the discussion. Wyatt commented that there would be no problem with a lawsuit from the city of Austin, and maybe even from San Antonio, because he was hoping to break the contract with San Antonio or renegotiate the contract.

Davis noted, and I quote from his notes:

"OSW—"

That is Oscar S. Wyatt—

> OSW comments, no exposure to Austin because delivered annual contract quantity by early December. SA (San Antonio) is being renegotiated, etc.

Among other things, the conferees planned to defend Coastal against damage suits by claiming that gas curtailments had been caused by plant breakdowns, acts of nature, and other uncontrollable events. But, Davis summarized the conclusion of a colleague, and I quote:

> The total volumes curtailed were far in excess of the volumes cut off by physical breakdowns (plant down, etc.)—so this would not be a good defense.

Wyatt at this time was clearly hoping that he could still renegotiate his contract with San Antonio and prevent a lawsuit. He was enlisting the very mysterious aid of the present mayor of the city of San Antonio and the equally mysterious colleague in business who he had business with, Mr. Marcello, the widely known citizen of New Orleans.

Obviously, Oscar Wyatt was still hoping to break that San Antonio contract.

At long last, after years of systematic lies and deception, however, Wyatt finds himself cornered by the truth. He has very much at stake, much to lose. It is little wonder that he lies even more today than he did a year or two ago, or 10 years ago, to protect himself. He has everything to lose if the whole maneuvering, his connections with the mayor of San Antonio, with the mayor's mysterious business partner, with other business elements in San Antonio, were ever to come out. It involves millions of dollars.

As I pointed out in the case of Glen Martin, the other man involved in the contract in 1961, who has been estimated to have reaped anywhere from $15 to $18 million, the tragedy, Mr. Speaker, is that the helpless people and the citizens of San Antonio are in their clutches. I am speaking of constituents, I am speaking of the poor and disabled and those on social security who cannot pay their present fuel bills.

So it is necessary that the story come out because it is indispensable in seeking and finding the solution to San Antonio's prices at this time, as I hope to suggest at the end of the series, in which I hope to tie up all of these loose ends. Nobody has done it. This has, naturally, aroused the antagonism and bitter denunciations from local people, including some of the criminal element. It was not happenstance that the notorious Carrasco, the great dope-peddling king, who finally ended up in the great shootout at Huntsville State Prison, should have mentioned only one man before he died, in derogatory terms, in hateful terms. Why, of all of the public officials in far-away Huntsville, Tex., should that criminal have mentioned Congressman HENRY GONZALEZ as his enemy?

There is good reason, and I think that when I complete my story all of my colleagues and all who care to read the record will know and understand full well.

CONSUMER AFFAIRS SUBCOMMITTEE BEGINS EDUCATIONAL SESSIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, tomorrow the Consumer Affairs Subcommittee, which I am privileged to chair, begins its first of several hearings designed to determine exactly what problems face consumers in our country today.

At tomorrow's hearings, which will begin at 10 a.m. in room 2128 of the Rayburn House Office Building, representatives of a number of major consumer organizations will appear. They will discuss what they feel are the major legislative needs of consumers in the coming months. Tomorrow's tentative witnesses will be: George Myers, director of public relations, Credit Union National Association—immediate past president, Consumer Federation of America; Arnold Mayer, legislative representative, Amalgamated Meatcutters and Butchers Workmen; Judy Kory, president, Virginia Citizens Consumer Council; Mark Silbergeld, Consumers Union; Carol Foreman, executive director, Consumer Federation of America; John Brown, National Public Interest Research Group; Ralph Brown, Urban League; Hall Sisson, Communications Workers of America; and Prof. Fairfax Leary, professor of law, Temple University.

In future sessions the subcommittee plans to hear from officials of the various Federal governmental agencies involved in consumer affairs such as Mrs. Virginia Knauer, Presidential Adviser on Consumer Affairs, representatives of the Federal Trade Commission, and of the Federal Reserve Board.

It is also my hope that business groups such as the U.S. Chamber of Commerce, National Association of Manufacturers, and the American Bankers Association will appear before the subcommittee. These sessions are, of course, open to the public and should provide an excellent tool for Members to obtain deeper insight into consumer problems.

CONGRESSMAN McFALL SAYS AMPOWER HAS 50 COSPONSORS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MCFALL) is recognized for 10 minutes.

Mr. MCFALL. Mr. Speaker, approximately 50 other Members join with me in sponsoring the energy conservation and development bill that I reintroduce today.

This show of support for the Ampower legislation reflects the widespread concern in this body to find a fair and effective way of stimulating domestic exploration for new oil and gas sources. It is particularly timely in view of current efforts to develop new sources off the Outer Continental Shelf and elsewhere.

This legislation, which I first introduced as H.R. 3111 on February 10, would provide for the establishment of a National Energy and Conservation Corporation—to be called Ampower—similar to the Tennessee Valley Authority.

Ampower would provide competition

in the marketplace, which is the traditional American way, to bring oil and gas prices down. The corporation would be a new source of risk capital to share with private enterprise, especially smaller companies. The corporation would be capable of doing exploration and other preliminary work to assist companies with limited resources. Then Ampower would lease tracts for production to the independents and the smallest entrepreneurs as well as the giant corporations.

In the other body, Senator STEVENSON introduced a bill of similar intent, S. 701, on February 17.

GUN CONTROL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. METCALFE) is recognized for 10 minutes.

Mr. METCALFE. Mr. Speaker, on February 18 and 20, my friend and colleague Congressman JOHN CONYERS, the chairman of the Subcommittee on Crime, held the first in a series of public hearings on the question of gun control legislation.

These hearings provided a forum for many points of view on this issue but nearly every witness during the 2 days expressed the opinion that some form of Federal gun control legislation is urgently needed.

I hope that the House will heed the message that was presented to the subcommittee and that this body will be able to enact some form of gun control legislation before this session ends.

At this point in the RECORD, Mr. Speaker, I would like to submit a copy of my testimony before the Subcommittee on Crime:

STATEMENT OF THE HONORABLE RALPH H. METCALFE BEFORE THE HOUSE JUDICIARY COMMITTEE ON CRIME, FEBRUARY 20, 1975

Mr. Chairman, the Subcommittee is to be commended for holding these hearings on gun control legislation.

This Subcommittee will have to examine all points of view in the days and weeks ahead. And, indeed it should. You will examine the Constitutional question and the relationship of the Second Amendment to proposed legislation. You will examine the position of citizens concerned about the enlarging of government activity and the diminishing of citizens' rights.

In the final analysis though, you will have to come to grips with the fact that in 1973 alone, there were 10,340 homicides by handguns. You will have to decide how best to provide for the common good.

My own city of Chicago is an example of the problems we confront. Commander Joseph DiLeonardi, writing in the January 1975 official publication of the Chicago Police Department, stated that the city of Chicago in 1974 experienced 970 deaths by homicide and that the "major vehicle of homicide is the handgun. In 1974, there were 669 homicides committed by firearms and 73.24% of these were handguns." Commander DiLeonardi continued to say that this "type of homicide can only be prevented by a total ban on the manufacture and sale of handguns . . ."

The Uniform Crime Report for the United States for 1973 (issued in September, 1974) states that in 1973 there were 19,510 murders committed in the United States. In 1973, firearms predominated as the weapon most often used. If we break down the murder rate by type of weapon used, we find that 67% were killed by firearms in general and 53% of the homicides were committed with handguns. This was an increase of 2% over the preceding years.

How many handguns exist in the United States? The U.S. News and World Report estimates around 40 million handguns, or about one handgun for every five persons. The Task Force on Firearms, in its Staff Report to the National Commission on the Causes and Prevention of Violence, estimated that there were "90 million firearms in civilian hands in the United States . . . 35 million rifles, 31 million shotguns, and 24 million handguns . . ." (in 1968).

The Criminal Justice Coordinating Council of the City of New York issued a report in November, 1973 in which it estimated that there were between 25 and 40 million handguns in the United States at that time and there were approximately 2.5 million handguns sold in the United States every year.

Comparatively speaking, the United States has more owners of handguns per 100,000 population by far than any other country. Great Britain has under 500 handgun owners per 100,000; Israel, 1,000; Canada, 3,000; then, the United States with an estimate of 12,000–20,000 per 100,000.

Mr. Chairman, at this point in the record I would like to include a list of cities and the handgun murder rate in those cities as prepared by the Library of Congress.

HANDGUN MURDER IN SELECTED U.S. CITIES, 1973

City	Total murder		Murder with firearm	Murder with handgun	
	Number	Rate per 100,000		Number	Rate
Atlanta	263	53.0	212	191	38.4
Boston	135	21.1	83	69	10.8
Chicago	864	25.7	614	549	16.3
Cleveland	277	36.9	222	202	26.9
Detroit	672	44.5	465	343	22.7
Houston	263	21.3	200	164	13.3
Los Angeles	489	17.4	276	172	6.1
New York City	1,680	21.3	851	810	10.3
Philadelphia	430	22.1	253	213	10.9
Pittsburgh	48	9.2	22	18	3.5
San Francisco	107	14.5	63	44	6.1
Washington, D.C.	268	35.4	161	154	20.3

Source: Basic data were obtained from FBI files. Rates were calculated by CRS, using 1970 census population data.

Is there any public sentiment for handgun control legislation? A Gallup poll conducted in 1974 indicates that 72% of those interviewed indicated that they were in favor of gun registration. There was a breakdown according to size of city which I found interesting: 85% of those interviewed in cities with a population of 1,000,000 and over were in favor of gun registration, 15% were not; 76% of those who lived in cities with a population over 50,000 and under 500,000 were in favor of gun registration, 24% were not; 62% of those interviewed who lived in towns with a population of under 2,500 were in favor of gun registration, 38% were not.

Also, 78% of the non-white citizens polled were in favor of gun registration, 22% were not; 71% of the white citizens polled were in favor of gun registration, 29% were not; so, there does not seem to be any great disparity of opinion according to race according to this Gallup poll.

The City Council of Chicago passed a resolution (February 24, 1972) in which it called on the Congress to prohibit the ownership and manufacture of handguns.

The Chicago Tribune, in the lead editorial on October 20, 1974, called on the Congress "to prohibit the manufacture of handguns or handgun parts in the United States."

WBBM radio, in an editorial on February 6, 1974, said "We'd like to see all handguns banned."

The Superintendent of the Chicago Police Department is on record in favor of a national prohibition on handgun purchase.

The leading candidates for the Democratic nomination for the Mayor of Chicago have taken a position in favor of stronger handgun control on the national level to "ban the manufacture, importation and sale of handguns" except for law enforcement purposes.

Gentlemen, my assessment of the mood of the citizens from the area which I represent leads me to one inevitable conclusion and that is, the citizens are ready for, if not already demanding, gun control legislation.

Black people are among the greatest victims of handgun crime in America. The people in the First Congressional District of Illinois know the terror of uncontrolled handguns. They know that the only solution to this epidemic of violent handgun crime is an absolute ban on the manufacture, sale and distribution of these weapons throughout the United States.

There are some who say that criminals, not guns, kill and stiffer penalties should be meted out to those who purchase, own, carry, or use firearms. The fact that some one will serve a long jail sentence will, in my opinion, not be very helpful to a homicide victim, nor very consoling to survivors of the victim. Nor do I think longer jail terms will deter individuals from using handguns. Further, the Uniform Crime Report for the United States for the Year 1973 states that "In 1973, murder within the family made up approximately one-fourth of all murder offenses." There were 19,510 murders committed during this period and 67% of the homicides were committed through the use of firearms and 53% were committed with the use of handguns.

Chicago's Police Superintendent Rochford pointed out that Americans are dying "from firearm accidents at the rate of about 2,900 per year," and that "another 20,000 persons suffer accidental injuries each year from firearms." Rochford continues by saying that "Firearm accident rates follow the pattern of firearm ownership." Over half of all fatal firearm accidents occur in or around the home and about 40% of the victims are children.

A further point might be made to those who say that people, not guns, kill and who advocate stiffer jail sentences as a result—and that point is an economic one.

Robert Sherrill in his book "The Saturday Night Special" states that "It costs $4,141.00 to keep a man in Lorton nine months . . . The Attorney General of New Jersey . . . figured it up [and said] . . . If that punitive notion had been in effect in New Jersey for the past seven years, it would have cost $6 billion to keep those people in jail." I am not against stiffer jail sentences, but to concentrate on that seems to me to ignore the influence of handguns altogether.

According to an article in the December 1, 1974 Chicago Tribune, the chances of an individual in Chicago in 1974 being murdered were four times greater than in 1950; one person out of every 35 who died in Chicago in 1974 was a murder victim and 63% of these murders were committed by handguns.

What is society's responsibility in the area of handguns? John Mill, in his Treatise on Liberty, states that: " . . . the fact of living in society renders it indispensable that each should be bound to observe a certain line of conduct towards the rest." And I would think that that statement means that society has a responsibility to protect itself from the aberrant action of certain of its citizens—and, eliminating the means whereby an injurious action is effected, certainly

seems to me, at least, to be a legitimate responsibility of the Congress as the elected body having responsibility.

Mr. Chairman, while preparing for these hearings, I briefly reviewed the hearings held before Judiciary Subcommittee Number 5 in June of 1972. The legislation before that Subcommittee then is basically the legislation pending before this Subcommittee now.

On January 16, 1975 I introduced H.R. 1533. This bill would prohibit the importation, manufacture, sale, purchase, transfer, receipt or transportation of handguns except by members of the Armed Forces, law enforcement officials or licensed importers, manufacturers, dealers and pistol clubs.

I strongly urge the Subcommittee to report out legislation which would meet those objectives and sharply curtail handguns in the United States.

Thank you.

TAX REVISIONS—1975

(Mr. ROSTENKOWSKI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROSTENKOWSKI. Mr. Speaker, in recent weeks, I have introduced five separate bills which would amend various sections of the Internal Revenue Code. All five bills were tentatively approved by the Committee on Ways and Means during the 93d Congress. All were included in the list of tentative decisions agreed to by the committee as of November 18, 1974. However, as the committee attempted to expedite passage of a more simplified tax package, most of the sections of the draft bill, including these five, were dropped from the legislation that was eventually reported from Ways and Means.

Each of these five bills has been reintroduced in this Congress because, although they relate to different areas of the tax code, all five would help to bring more equity into the administration of our tax system.

At this point in the RECORD, I would like to briefly outline each of these bills:

H.R. 3052, to clarify the tax treatment of the gain on the lapse of options to buy or sell securities: H.R. 3052, would amend the Internal Revenue Code of 1954 with respect to the definition of unrelated business income. This legislation would rectify an inconsistency which presently exists in the tax law in regard to the treatment of tax-exempt organizations. Such organizations, including educational institutions, may seek to augment their investment income by granting options to purchase securities held in their portfolios.

If an option of this type is exercised, thus requiring the organization to sell the security, the premium received for the option is treated as part of the proceeds on the sale of the security itself. Any gain on such a sale is not subject to the unrelated business income tax, because that tax does not apply to investment income such as dividends, interest and capital gains.

If, on the other hand, the option is permitted to lapse, or is terminated, the organization retains the income it received for the option. Yet, although such income also is derived from the investment activities of the organization, the Internal Revenue Service holds that it is subject to the unrelated business income tax.

There is no rational basis for continuing this disparate treatment. The unrelated business income tax is intended to discourage exempt organizations from competing with taxable businesses. Given this purpose, there is no more reason for taxing the income derived from the lapse of options than there is for taxing the capital gains of exempt organizations. No competition with taxable businesses is involved in the production of either type of income.

The Internal Revenue Service's present position results from an historical fortuity. Under the Internal Revenue Code of 1939, income from the lapse of an option was considered short term capital gain, and as such was exempt from the unrelated business income tax. For reasons wholly unrelated to the present issue, such income was reclassified as ordinary income in the Internal Revenue Code of 1954. Although the 1954 change was directed at nonexempt taxpayers, it had the effect, apparently unintended, of subjecting such income in the hands of exempt organizations to the tax on unrelated business income.

During consideration of the Tax Reform Act of 1969, and again in August 1970, the Treasury Department indicated it would not oppose an amendment which would restore the pre-1954 code tax status. It did so after considering the legislative history of section 512 and the practice of exempt organizations with regard to the granting of options.

Enactment of the amendment at this time is particularly appropriate. The Chicago Board of Trade has organized the Chicago Board Options Exchange as the first national securities exchange to offer trading in options. Trading on the exchange began over 1 year ago and its successful development and expansion depends in no small part on the participation of tax-exempt organizations such as educational institutions. At the present time their participation is unnecessarily discouraged by the present tax treatment of the income from lapsed or terminated options.

Moreover, in view of current budgetary and fiscal restrictions, educational institutions, particularly our major universities, have an unusual and immediate need to supplement their investment income. The proposed provision would permit such institutions to realize the maximum return from their portfolio holdings without subjecting those holdings to any unusual investment risk.

The revenue loss which would result from this legislation is at most minimal. Educational institutions and other tax-exempt organizations are at present reluctant to engage in the writing of options because of the present restrictions of the unrelated business income tax on options that are not exercised.

This is the third consecutive Congress into which I have introduced this legislation. There has never been argument to the substantive provisions of this bill. In fact, the Internal Revenue Service does not oppose the change and in both the 92d and 93d Congresses, the bill was unanimously ordered reported by my Ways and Means Committee.

I trust that this Congress will also see the value of this legislation.

H.R. 3053, to exempt State lotteries from certain Federal prohibitions: My second bill, H.R. 3053, is an integral step toward helping our financially troubled States. In the past three Congresses, considerable progress has been made in assisting States with their mounting financial problems. In the 92d Congress, a monumental revenue sharing package was enacted specifically to allow States to hold the line on their taxes while they met the constantly increasing demand for services.

It is obvious that the problems that revenue sharing was designed to alleviate are most acute in our urbanized, industrial States. Their sharp population increase in the 1960's forced these States to search for many new methods to finance their skyrocketing State budgets. For many of these States, the answer became a lottery of some type. Since the enactment of the New Hampshire lottery in March of 1964, a dozen States have followed suit in an attempt to raise money for education, for health care, and for distribution to the various cities and towns under their jurisdiction.

In my own State of Illinois, the revenues from the lottery are used to help balance the budget of a State that has been particularly hard hit by an increased demand for State services. The Illinois lottery, which began operations last August, has already raised $27,000,000—net—in its first 6 months of operation, which represents 43 percent of the gross ticket sales, for this purpose. The most current projections indicate that the lottery may raise as much as $56,000,000—net—in its first 11 months of operation on a projected $130,000,000 of gross ticket sales; again, 43 percent of gross sales.

In light of these new developments in State financing, I was greatly disturbed to learn that the Internal Revenue Service presently plans to revive a relatively obscure excise tax provision to impose an excise tax on the gross re-receipt of all lottery revenues, except those lotteries in which the ultimate winner is determined by a horserace.

This narrow exception was enacted in 1964 when New Hampshire commenced its lottery for education. Such an excise tax does little but discourage States from embarking on such innovative methods to solve their own problems. In addition, we must remember that present law also requires that all lottery winnings be included as income in the year in which they are received—so, lottery receipts are already quite heavily taxed at the Federal level.

It is my understanding that while the Treasury Department feels obligated to enforce the excise tax, it would not object to congressional legislation to relieve them of this obligation. I believe that the

legislation which I have introduced to exempt from the excise tax, State-run lotteries conducted for the benefit of the State and its residents, will solve the problem. It will relieve the harsh impact of double taxation which not only would deplete the financial return to the State, but would also discourage other States from introducing lotteries to better their financial needs.

H.R. 3054, a bill relating to the Federal excise tax on beer: All too often in recent years, the financial pages of our local newspapers have been forced to announce the termination of yet another small business. The type of city may change, the type of business may change, but the story remains depressingly the same. It appears that we are living at a time when the only path to survival for the small businessman is to sell out and be thankful he could.

Such a pattern of consolidation is troubling to me. I do not like to think that we have come to the time when bigness is the only road to survival in our economic system. For, if it is, much of the individuality and uniqueness that has made our country will be forever lost.

In Chicago, one clear example of this trend has been in the brewing industry. As the ethnic center of our country, Chicago was long the home for many of our most famous smaller breweries; breweries which developed products that added to our city's uniquely diverse atmosphere. In the last 25 years, however, the city of Chicago has watched the number of its breweries decrease from 48 to but 1. In this regard, Chicago is but one example of an incredible national trend. In the State of Wisconsin, the number of breweries has decreased in the last 25 years from 72 to 8. A sad story for a region that has long prided itself on its beer craftsmen. Nationally, the figures are not much different—from 466 to 56 in the same period of time.

While these figures outlining the decline of the individual breweries are in themselves clear, the message of bigness becomes unmistakable when this sharp decline is contrasted with the continuing increase in beer sales in recent years. In each of the last 14 years—through 1972—sale and production of beer and ale have annually established new highs. Thus, at a time when an industry is prospering, the individual smaller brewer is nonetheless becoming virtually extinct.

The demise of the small brewery can be attributed to many factors. The closings have been caused by many of the problems typical of our inflationary times. In addition, the small brewer has been beset by one problem that is unique to his industry. He is taxed heavier than any other domestic industry except one. He is the target of not only State taxation, but double Federal taxation as well. In addition to the usual Federal income tax, brewers must pay an excise tax of $9 on each barrel they brew. This $9 excise tax can be contrasted with average profit per barrel of only a little over a dollar. Such heavy taxation undoubtedly hits hardest on the small brewer, the man who has neither the capital nor the credit to expand his facilities to take advantage of the growth in industry-wide sales. As a result, he finds it easier to sell his business to those brewers who have the capacity to better bear the heavy financial burden. While this might very well streamline an industry, I seriously doubt that it is as good for American tradition or for the American consumer.

As a result of this, I have introduced legislation to ease the financial burden on the small brewers of this Nation. My legislation would reduce the Federal excise tax on small brewers from $9 to $7 a barrel. This reduction would only apply to brewers that produced less than 2 million barrels a year and even then, only to the first 60,000 of their barrels.

Through the years, Federal excise taxes on beer have risen from $1 to $9 a barrel. As is the case with most excise taxes, increases usually came on a "temporary basis" during a time of national emergency. Unfortunately, as is also usually the case, these "temporary" increases have remained now firmly entrenched in the Internal Revenue Code. The effect of my legislation would be to repeal—for the small brewer's first 60,000 barrels, the $2 increase that was levied to help finance Federal expenditures during the Korean conflict.

This small reduction will not itself insure the financial stability of the remaining small breweries in our Nation. It will, however, give those brewers a badly needed boost in capital to help them in their struggle to both remain open and remain a refreshing diverse part of the American scene.

H.R. 3055, to amend the Internal Revenue Code relating to distilled spirits. This legislation, which I introduced for myself, Mr. LANDRUM, Mr. WAGGONNER, and Mr. CLANCY, would amend the distilled spirits plant provisions of the Internal Revenue Code in order to remove certain restrictions that are presently incorporated in the code. This legislation would remove restrictions that are not necessary for effective enforcement of the revenue and regulatory aspects of the law. Removal of these provisions would also have the effect of facilitating and encouraging experts.

These provisions would have no adverse effect on the amount of revenue that would be collected by the Internal Revenue Service.

I introduced this same bill in the 92d and 93d Congresses. The Treasury Department, in response to a request from my Committee on Ways and Means, has already reported favorably on this legislation. I am therefore hopeful that this bill will be before the House early in this session of the Congress.

I would like to insert in the RECORD at this point, a brief explanation of the various sections of this legislation.

SECTION-BY-SECTION ANALYSIS OF THE BILL

SECTION 1—"IN BOND FOR EXPORT"

Section 1 of the bill would eliminate the requirement of showing on the label of gin and vodka bottled in bond for export, the name of the distiller. Such information serves no useful purpose, and since gin and vodka are produced from neutral spirits, compliance with the statute means showing the distiller of the neutral spirits which may be a person different from the producer of the gin or vodka; the showing of such distiller on the label could even be deceptive to the consumer.

SECTION 2—"DRAWING FOR BULK IMPORTED GOODS BOTTLED IN UNITED STATES"

Section 2 of the bill would authorize allowance of drawback of tax on bulk imported goods which are bottled in the United States and exported therefrom. Because of the limitation to goods "manufactured or produced in the United States" in existing law, imported distilled spirits are not subject to drawback under section 5062(b). However, by virtue of section 5523, IRC, reduction in proof and bottling or packaging are deemed to constitute manufacturing under section 311 of the Tariff Act of 1930. (19 U.S.C. 1311). This amendment would make the export standards of Section 5062(b) consistent with those in Section 311.

SECTION 3—"DISTILLED SPIRITS RETURNED TO BONDED PREMISES"

Section 3 of the bill would permit the bottler or packager to return to an export storage facility on bonded premises distilled spirits which would be eligible for drawback under Section 5062(b). The return of the spirits must be solely for the purpose of storage pending withdrawal for export, or other withdrawal without payment of tax authorized under Section 5214(a), or free of tax under Section 7510.

This section also permits the bottler to return to appropriate storage facilities on the bonded premises distilled spirits which he had bottled in bond after tax determination. Such spirits may be withdrawn for any purpose for which distilled spirits bottled in bond before tax determination may be withdrawn from bonded premises.

Appropriate amendments are made to provide for the remission, abatement, credit, or refund of tax on spirits returned to bonded premises under this section.

The amendments made by this section are designed to simplify and encourage export transactions.

SECTION 4—"WITHDRAWALS TO CUSTOMS BONDED WAREHOUSES"

Section 4 of the bill would authorize withdrawal of distilled spirits from bonded premises without payment of tax or transfer to any customs bonded warehouse. This provision applies to spirits bottled in bond for export and to spirits returned to bonded premises under section 5215(b). The amendment is designed to simplify and encourage export transactions.

SECTION 5—"REMOVAL OF SAMPLES FOR RESEARCH, DEVELOPMENT, OR TESTING"

Section 5 of the bill would make a reasonable extension of the purposes for which samples may be removed without payment of tax to include plant research in addition to laboratory analysis. This amendment is similar to the recent amendment to Section 5053 relating to beer.

SECTION 6—"MINGLING AND BLENDING OF DISTILLED SPIRITS"

Section 6 of the bill would permit distilled spirits plant proprietors to commingle distilled spirits within 20 years of the date of original entry rather than the existing 8 years. The section also eliminates the requirements of existing law that the mingled spirits be placed in the same barrels and that the mingling must be for further storage in bond. Proper administration of the distilled spirits tax and regulatory provisions does not require the limitations on commingling to 8 years or the return of the distilled spirits to bonded storage. From a practical standpoint, the use of the same package is an unnecessary restriction.

SECTION 7—"USE OF JUNIPER OILS IN PRODUCTION OF GIN"

Section 7 of the bill would authorize the use of the extracted oils of juniper berries and other aromatics in the production of gin without incurrence of the rectification tax in adddition to the present system of redistillation of a pure spirit over juniper berries and other aromatics. This amendment will permit production of gin with greater uniformity and without loss in quality.

SECTION 8—"LOSS OF PROVISIONS FOR SPIRITS BROUGHT IN FROM PUERTO RICO AND THE VIRGIN ISLANDS"

Section 8 would extend to bulk spirits brought into the United States from Puerto Rico or the Virgin Islands the same loss provisions now applicable to imported and domestic spirits.

Due to an oversight when the law was amended to permit entry of such spirits into bond the provisions applicable to imported and domestic spirits were not extended to spirits brought in from Puerto Rico or the Virgin Islands. Enactment of this section would cure inequities in the present law.

SECTION 9—"EFFECTIVE DATE"

The Act would become effective on the first day of the first calendar month which begins more than 90 days after enactment. This will give the Treasury Department and the distilling industry sufficient time to modify procedures under the statutes amended.

H.R. 3487, a bill to allow the investment tax credit with respect to certain leased commuter cars. This bill would adjust the investment tax credit on leased urban mass transit properties. Under existing investment tax credit provisions, property owned or used by a governmental unit is not eligible for the 7-percent investment tax credit. This means that the Government as lessor cannot pass the tax credit through to its lessee as is normally permitted a lessor. In enacting this provision, Congress apparently did not contemplate the situation toward which this legislation is directed. Congress was concerned about the circumstances wherein public funds are solely used in making the investment in personal property, and in that case did not wish the lessee of the investing governmental unit to have the credit passed through to it by the lessor.

The situation which has come to my attention involves the investment in mass transportation equipment by the Illinois Central Railroad which, because under the Federal law they could not take ownership of the property involved, were denied the investment tax credit.

My proposed bill would permit the lessor-governmental unit to pass the credit through to its lessee of qualified urban mass transit property. The amount of the credit would be based on the private entity's payment toward the cost of the property during the first 5 years of the lease. The Federal Government's grant is not included in the computation of the investment tax credit available to the lessee.

The investments by the private entities in new commuter car equipment serve in the congressional purposes in adopting the Urban Mass Transportation Act of 1964. Such purposes are: First, to assist in the development of improved urban mass transportation facilities, equipment techniques, and methods; second, to encourage the planning and development of areawide urban mass transportation systems; and third, to provide assistance to State and local governments in financing such systems, all with the cooperation of public and private mass transit companies. The subject would also be consistent with the congressional intent of the tax laws to allow the tax credit to lessees where the investment in qualified property is not made solely by a governmental unit.

The proposed legislation would aid the development of urban mass transit facilities and systems. It would offer a clear incentive to private entities engaged in the public transportation industry which are requested to bear part of the total cost of acquiring commuter equipment when the funds are not available to the local governmental authority. It would lessen the penalty incurred by the priviate entity in being denied ownership of the equipment and the resulting tax benefits.

In this instance, the Illinois Central Railroad leased commuter cars for a period of 25 years and was required to pay the nonFederal portion of the cost of 130 commuter cars in 1971 and 1972 during construction of the equipment in an amount approximating $13.3 million. The commuter line would have purchased a one-third interest in the commuter cars for $13.3 million but was unable to do so because of the requirements of the Urban Mass Transportation Act of 1964. The cars are, and must be, owned by the mass transit district involved. Had the railroad been permitted to purchase an interest in the equipment, the legislation I now introduce would be unnecessary. The railroad would have been eligible for the tax credit on its investment and also would have been taking accelerated depreciation on the equipment. The mass transit district involved is a governmental agency without taxing power. In order to secure the one-third local or State share for construction of the equipment, the transit district had to resort to the railroad for assistance. Without the railroad's payment the project would not have proceeded.

What is also unfortunate is that the $13.3 million investment is not permitted to be included in the railroad's rate base for determining its commuter fares and therefore, the railroad will probably receive no return on this substantial investment. The commuter operations are not expected to permit a reasonable return even on the substantial existing investment in commuter operations wholly apart from the $13.3 million investment.

Congress has expressed its concern about the problems in securing an efficient mass transportation system throughout the Nation. Obviously, there will be required cooperation of the governments involved and the private mass transit companies. The legislation I have introduced would encourage cooperative efforts of interested parties toward resolving our mass transportation problems.

FLOATING NOTES OF CITICORP

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, I would like to bring to the attention of the Members a copy of a letter I have forwarded to Chairman Ray Garrett, Jr., of the Securities and Exchange Commission with respect to the $650 million floating note issue which Citicorp marketed in July 1974. I have presumed to send a copy to Congressman JOHN E. MOSS, chairman of the Subcommittee on Oversight and Investigations of the House Commerce Committee.

Inasmuch as this matter involves the Nation's second largest bank, First National City Bank—"Citibank"—it should be of equal or greater interest to our three banking agencies so I have also sent copies to the Comptroller of the Currency, James E. Smith, the Chairman of the Board of Governors of the Federal Reserve System, Dr. Arthur F. Burns, and the chairman of the Federal Insurance Deposit Corporation, Frank Wille.

In this connection, I also call the Members' attention to the complaint, dated July 5, 1974, filed in the United States District Court for the Southern District of New York, against the Board of Governors of the Federal Reserve System by the Bowery Savings Bank, and the National Association of Mutual Savings Banks, in which it is alleged that these floating notes should be subjected to Federal Reserve regulations D and Q.

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C., February 24, 1975.

Hon. RAY GARRETT, Jr.,
Chairman, Securities and Exchange Commission, Washington, D.C.

DEAR MR. GARRETT: On July 24, 1974, with your approval, Citicorp, the holding company for the First National City Bank, issued a prospectus for the sale of $650 million so-called floating notes. I am very concerned about the scope of disclosure in this prospectus. It was a "first", and has become a model for offerings of this type.

As I understand it, corporations may use in their prospectuses unaudited quarterly figures subject to the condition that such figures fully and fairly describe the company's quarterly position. In my opinion, Citicorp's quarterly figures for 1973 and 1974 showing actual loan loss chargeoffs in Citibank, do not accurately reflect losses sustained at those times. Citicorp represents that on June 30, 1974 Citibank may legally declare a dividend in the amount of the bond issue, $650 million. Presumably, this figure is obtained by plugging actual loan loss figures for the first and second quarters (see table below) into the statutory formula of Section 60 of Title 12 of the United States Code:

ACTUAL LOAN LOSS MINUS TAX BENEFIT

	Quarter			
	1st	2d	3d	4th
1973	6,836	6,814	14,728	48,254
1974	6,880	8,523	14,000	59,780

You will note that in both years approximately 83% of the Bank's total losses are deferred to the third and fourth quarters.

The statements in the prospectus do not contain any explanatory footnote, but it is extremely unlikely in a Bank the size of Citibank that any seasonal factor could cause such large fluctuations in revenue.

Of course by manipulating the actual charge-off figure a bank may arbitrarily increase the amount of legally available profits from which dividends may be declared under 12 U.S.C. 60(b). There is no evidence in the prospectus that Citibank has employed an objective accounting method—or any method at all—in choosing to write its loans off in this manner. Both the S.E.C. and the Comptroller have the authority to prevent illegal manipulation of 12 U.S.C. 60 by promulgating guidelines for reporting unaudited quarterly figures which represent loan loss charge-offs. As this same pattern of loss activity has been observed in the prospectuses of other banks offering floating rate notes, it is time that authority were exercised. The S.E.C. might consider insisting on audited figures.

I am also concerned by the fact that while the prospectus is careful to highlight the Bank's legal ability to declare a dividend, any discussion of the Bank's actual ability to make such a payment is conspicuously absent. Citibank did not pay dividends to Citicorp in 1972 or 1973. Nor did it declare a dividend in 1974. However, Citicorp has paid dividends of $75 million in 1972, $86 million in 1973, and $98 million in 1974. The logical inference is that Citicorp is paying these dividends with money borrowed in the commercial paper market. In addition to being a practice of doubtful legality, it is one which should certainly be disclosed to the potential investor and discussed in the holding company's prospectus.

While I appreciate the values served by the equity method of accounting, it is singularly inappropriate as a method of disclosing the cash position of a bank vis-a-vis its holding company. The Bank's assets are not the holding company's assets.

When Citicorp is allowed to represent—

"In the determination of the dividend policies of Citicorp its Board of Directors consider the earnings of Citibank available for the payment of dividends to Citicorp. Citicorp would anticipate that a portion of such earnings would be paid to it as dividends if such payment were required as a source of funds to pay Citicorp dividends in the future."

a consolidated statement is irrelevant. It is the liquidity of Citibank which is in issue, and the Commission ought to require that a statement providing this particular information be included in the prospectus.

The prospectus, moreover, neatly sidesteps disclosure of the nature and extent of Citibank's foreign investments—another factor affecting the Bank's actual ability to pay dividends. A geographic break-down of domestic and international net income is qualified by the statement—

"It is not practicable to make a precise separation of the domestically oriented business from the part of the business resulting from operations in foreign countries and derived from customers in foreign countries; accordingly, the separation set forth below is based upon internal allocations which necessarily involve certain assumptions". (p. 13 Citicorp prospectus).

Such assumptions are never defined. The investor has no facts on which to base a judgment as to the soundness of the Bank's loans in foreign countries.

While you or the banking agencies may lack the statutory power to do so, don't you think that the directors, officers, attorneys, and accountants who represent a bank holding company should be completely independent and different from those of the bank? After all the Bank directors as trustees owe their first duty to the Bank's depositors. Here the holding company's need for the dividends may clash with the obligation of the Bank's directors to retain the dividends. If necessary, should we not pass legislation to effect this?

I would appreciate hearing from you what you can do to correct this situation.

Sincerely,

WRIGHT PATMAN,
Vice Chairman.

[In the U.S. District Court, Southern District of New York]

COMPLAINT

The Bowery Savings Bank, National Association of Mutual Savings Banks, by its President Kenneth L. Birchby and Savings Bank Association of New York State, by its President Joseph C. Brennan, Plaintiffs, v. Board of Governors of the Federal Reserve System, Defendant.

The plaintiffs The Bowery Savings Bank ("Bowery"), the National Association of Mutual Savings Banks and Savings Banks Association of New York State, by their attorneys, Cadalader, Wickersham & Taft, for their complaint allege:

1. This action for declaratory judgment arises out of the provisions of Section 19 of the Federal Reserve Act, as amended, 12 U.S.C. § 461 and Regulations D and Q of the Federal Reserve Board, 12 C.F.R. §§ 204 and 217 respectively, issued pursuant to said act.

2. Jurisdiction of this Court is based upon Sections 1331 and 2201 of Title 28 of the United States Code.

3. The amount in controversy exceeds $10,000 exclusive of interest and costs.

4. Venue properly lies in the Southern District of New York pursuant to Section 1391 (e) of Title 28 of the United States Code. The plaintiffs have their principal places of business in the Southern District of New York.

5. Plaintiff Bowery is a New York State mutual savings bank organized and existing by virtue of the laws of the State of New York and maintains its principal place of business at 110 East 42nd Street, New York, New York.

6. Plaintiff National Association of Mutual Savings Banks is an unincorporated association existing under the laws of the State of New York, and has its principal place of business at 200 Park Avenue, New York, New York. Its 475 members, representing $108 billion in assets, are mutual savings banks conducting and authorized to conduct the business of savings banking under and by virtue of the laws of various states throughout the United States. Kenneth L. Birchby is the President of this association. This association brings this action on behalf of itself and in the interest of its members.

7. Plaintiff Savings Banks Association of New York State is an unincorporated association existing under the laws of the State of New York, whose members are 118 mutual savings banks chartered under the laws of the State of New York. Its principal place of business is in the City of New York, State of New York. Its members conduct the business of savings banking in various counties of the State of New York, including the County of New York. Joseph C. Brennan is the President of this association. This association brings this action on behalf of itself and in the interest of its members.

8. The defendant Board of Governors of the Federal Reserve System is an agency of the United States empowered and authorized by the Federal Reserve Act to regulate the business of members of the Federal Reserve System and their affiliates for purposes germane to this action, including all National Banking Associations ("National Banks").

9. On information and belief certain registered bank holding companies registered under the Bank Holding Company Act of 1956 which are affiliates of National Banks subject to the provisions of the Federal Reserve Act are about to and have expressed their intention to issue or their interest in issuing unsecured small denomination notes ("Notes"). These issuers include the holding company affiliates of Chase Manhattan Bank, N.A., Bank of America, N.A. and First National City Bank ("Citibank"). The Notes will yield interest in excess of the rates prescribed by Federal Reserve Board Regulation Q; and the requirements for reserves prescribed by the Federal Reserve Board pursuant to Regulation D are to have no certain application to the proceeds of such Notes.

10. Bowery and the member of plaintiffs National Association of Mutual Savings Banks and Savings Banks Association of New York State (collectively referred to as "Associations"), are within the group sought to be protected by authority granted to defendant to expand the scope of Regulations D and Q.

11. One such bank holding company, Citicorp, which owns all of the capital stock of Citibank, has presently pending before the United States Securities and Exchange Commission a certain preliminary prospectus dated June 27, 1974 with respect to the issuance, offer and sale to the public of $850,000,000 of such Notes ("Citicorp Notes") and is seeking registration for such an offering to the public.

12. The funds, or a portion of such funds, so obtained by such bank holding companies will be used directly or indirectly in the banking business of their affiliate National Banks or to maintain the availability of funds for the benefit of such banks.

13. Issues of such Notes seek to attract and compete for funds which otherwise would be invested in time or savings deposits of Bowery as well as with mutual savings institutions which are members of the Associations.

14. Bowery has requested that the Federal Reserve Board coordinate with the Securities and Exchange Commission on the applicable disclosures regarding the application of Regulations D and Q to the issuances of the Notes. The plaintiffs have requested that the defendant regulate the issuance of the Notes by subjecting this issuance (and proceeds) to Regulations D and Q.

15. Unless the defendant so regulates the issuance of the Notes, Bowery and the members of the plaintiffs Associations will suffer irreparable competitive injury.

16. In a certain letter dated July 2, 1974 from the defendant to the Honorable Ray Garrett, Jr., Chairman of the Securities and Exchange Commission, concerning the Citicorp Notes the defendant has recognized that:

". . . the result of the large offering—and any other offering like it, whether issued by bank holding companies or other corporations—can well be to divert the flow of savings from the residential mortgage market and to deprive home buyers of needed mortgage financing. It is not clear, therefore, that an offering of this type is in the public interest at this time."

17. In disclaiming authority to apply Regulation D to the entire offering of the Citicorp Notes, and apparently disclaiming any power to apply Regulation Q or to amend Regulation Q to apply to interest payable on any part thereof, the Board states that it lacks the necessary statutory powers:

"The Board's present statutory powers do not authorize it either to prevent or to regulate the terms of the Citicorp issue. The legislative history of the 1969 amendments

to the Federal Reserve Act, which authorized the Board to determine what types of obligations issued by affiliates of member banks may be deemed to be deposits for purposes of the Board's regulations, makes it clear that such authority applies only to the extent that the proceeds of such affiliate obligations are used for the purpose of supplying funds to a member bank. To the extent that the proceeds of the Citicorp Notes may be *used for supplying funds to member banks*, they would be subject to reserve requirements, but not otherwise." (Emphasis supplied).

17. With specific reference to the Citicorp Notes the issuer describes the proposed "Use of Proceeds" on page 3 in its preliminary prospectus as follows:

"The net proceeds from the sale of the Notes offered hereby are expected to be applied to the repayment at maturity of commercial paper issued by Citicorp. See "Capitalization". Citicorp has issued commercial paper principally to finance the activities of its subsidiaries other than Citibank, including Advance Mortgage Corporation, Nationwide Financial Services Corporation and Citicorp Credit Services, Inc. See "Business—Related Services and Activities". Citicorp expects to continue to issue commercial paper to repay outstanding commercial paper as it matures and to finance expansion of the activities of its subsidiaries, including Citibank. With the anticipated continued growth of Citibank and other Citicorp subsidiaries, Citicorp also expects that it will, on a regular basis in the future, engage in additional financings in character and amount to be determined as the need arises."

18. Defendant has the statutory power to apply Regulations D and Q to the Citicorp Notes and proceeds thereof, and any similar issuances by other bank holding companies, for the following reasons, among others:

(a) On information and belief Citibank has been able to avoid paying any dividends to Citicorp, thereby retaining for its own capital base its entire net income, for two and one-quarter years—amounting to approximately $550 million. Citicorp dividends during this period, in the amount of $186.2 million (to meet the expectations of Citicorp shareholders—formerly shareholders of Citibank) have been paid through funds supplied by intricate borrowings by Citicorp and by decreases in loans financed from previous borrowings (largely through commercial paper). These previous borrowings are now "expected" to be refinanced from the sale of Citicorp Notes. The defendant has the statutory power to characterize the proceeds from the Citicorp Notes as "deposits" for purposes of Regulations D and Q by reason of the use of previously borrowed funds, intended to be refinanced by the Citicorp Notes, to benefit Citibank by enabling it to retain earnings otherwise payable as dividends to its shareholders.

(b) On information and belief, pending application of the proceeds to the repayment at maturity of commercial paper issued by Citicorp, the proceeds "may be used for supplying funds" to Citibank. The defendant has the statutory power to apply Regulations D and Q at the very least pending such application of proceeds.

(c) The defendant has the statutory power to treat debt issuances of Citicorp on a "first-in-first-out" ("FIFO") method of tracing funds used by or for the benefit of Citibank. Hence, even if the present "expected" use of proceeds is not deemed for the benefit of Citibank, funds resulting from a subsequent debt issuance (and benefiting Citibank directly or indirectly) may be attributed *pro tanto* to the proceeds of the instant Citicorp issue. Defendant has the statutory power to apply Regulation D to such proceeds on a FIFO basis, and Regulation Q as then applicable to all of the Citicorp Notes.

(d) Accordingly, the defendant has the statutory power to apply Regulations D and Q to the Citicorp Notes by reason of past Citicorp uses of funds to be refinanced (as described in (a) above), of current proposed Citicorp uses of proceeds described in (b), and/or by reason of future uses of proceeds from the Citicorp Notes under tracing described in (c).

20. Pursuant to Section 19 of the Federal Reserve Act, the defendant has the statutory power to apply the reserve requirements of Regulation D to the proceeds of the entire offering of the Citicorp Notes or similar obligations. Similarly, the defendant has the statutory power to regulate certain of the terms of the Citicorp Notes or similar obligations by the application to them or requirements of Regulation Q. The exercise of such statutory powers is plenary whether or not the proceeds are traceable to the direct use of banks which are members of the Federal Reserve System.

21. In the event that Section 19 of the Federal Reserve Act is construed so as to apply "only to the extent that the proceeds of such issuance are used for the purpose of supplying funds to banks which are members of the Federal Reserve System," then:

(a) in those circumstances where the issuer identifies the Notes, proceeds of which are to be so used, the defendant has the statutory power to subject to Regulations D and Q such proceeds and Notes as so identified;

(b) in those circumstances in which the issuer does not so segregate the Notes and proceeds to be so used, thereby rendering identification not feasible, the defendant has the statutory power to subject the entire issuance to the terms of Regulations D and Q; and

(c) failure by the issuer to facilitate the determination of whether Notes and proceeds therefrom serve the purpose of supplying funds directly or indirectly to or for the benefit of banks which are members of the Federal Reserve System shall in no way disable the defendant's full use of its statutory power to determine that interest payable on all or any part of a Note issuance is subject to Regulation Q, and that all or any portion of the proceeds are subject to Regulation D.

Wherefore, plaintiffs pray for judgment in their favor declaring that the Board of Governors of the Federal Reserve System has the statutory power under Section 19 of the Federal Reserve Act to regulate the terms of Note issuances by bank holding companies as described herein for purposes of determining whether, and to what extent, proceeds shall be deemed "deposits" for Regulations D and Q, and for such other relief as the Court deems just and proper.

Dated: New York, N.Y., July 5, 1974.

CADWALADER, WICKERSHAM & TAFT,

By ——— ———,

A Member of the Firm.

MARVIN WATSON—MAN OF GREAT ACHIEVEMENTS AND ABIDING FAITH

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, several weeks ago my good friend, W. Marvin Watson, spoke at the 50th anniversary of the Chamber of Commerce in Jacksonville, Tex.—which is one of the fast growing and rapidly developing towns in the First Congressional District of Texas. Marvin Watson has distinguished himself both in government and in business, and as his remarks in Jacksonville confirm, he is also a man who loves his country and his God, and who accepts His guidance in all things.

I believe Marvin Watson's words are especially important today. They speak to the faith and dedication of a single town and its people, and they speak too in a larger sense of those qualities that have shaped our Nation, the qualities that have made us great, the qualities that have rewarded us as a free people, and the qualities that assure us, in these difficult times, that America still has what it takes. There may be those who would say that faith alone has little power against the immensity of the world and its problems. But as Marvin reminded his audience: "A candle is small. But where there is darkness all about, men will come to share the light and will no longer fear the dark."

Mr. Speaker, I insert Mr. Watson's speech into the RECORD:

SPEECH OF MARVIN WATSON

I am grateful to have the opportunity to be with you and you'll forgive me if I tell you that another of the very nice things about being able to come here was I was told I'd have a chance to say some nice things about Luci Johnson Nugent. I never pass up a chance to do that.

I was remembering something about Luci the other night when we were talking about what separates folks who make the most of life from folks that don't.

The difference is attitude—believing in what you're doing, believing in what's right, being loyal to the folks that love you, and looking for the good in everybody, whether they love you or not. And then being stubborn about the whole business.

In 1960 there were some volunteers in Washington who believed Senator Lyndon Johnson should be President.

And because we believed that, we meant to do something about it.

So we set up a campaign headquarters.

I walked in one night and there off in a corner was Luci, stuffing envelopes. She was about ten or eleven then, I guess, and here she was in this office with all these though old political operators.

She was doing a good job on those envelopes, but I didn't think she should be there and I told her that.

Well, she didn't agree with me at all.

I will not forget what she said, "He's my daddy, and I expect to help him."

We discussed all that a bit, and I knew I wasn't going to win without some reinforcements.

By and by, Mrs. Johnson came by in the car and I went out to see her. I told her Luci was in there working with all those old people, and I thought she ought to be home doing her homework.

So Mrs. Johnson went in and she had a try at it.

But I think it was hard for her to say no to Luci anyway, and Luci had the best of it because she was working for a good cause. And she stuffed envelopes till about midnight.

The point, she didn't just believe in something. She was a little stubborn about it.

I had the honor to serve with President Johnson during his Presidency.

I learned first-hand his feelings about America and her people. He didn't just believe in us. He was pretty stubborn, about the way he believed in us.

He loved this nation, and he sure loved Texas. When he served Texas, he served her with all his heart.

He expected the best from us, and he gave his best to us. When he went to the White House, he did things the same way.

Lyndon Johnson struggled with all his great heart to bring peace to America and to the World.

Here at home, he saw his dreams for America written into law. He didn't just believe in civil rights, he acted on what he believed.

He didn't just believe in better education, conservation, health care, and an economic opportunity for all, he didn't just believe in a great society.

He did something about these things.

He was stubborn about what he believed. And because he was, we all walk in a light cast by Lyndon Johnson.

I like to think also, that like Luci—though perhaps not in such great abundance as her—we all possess some of his great spirit.

Though it is his legacy, it is also a legacy of this land where we were born and raised.

I read about the founding of Jacksonville, and how one of General Thomas Rusk's soldiers, Jackson Smith, rode through here scouting Gum Creek and found a place so lovely that he decided to come back and live here.

It took him nine years.

That's a while, but he apparently loved this place, and he'd made up his mind what he wanted, and he was a little stubborn about it.

So he came back, and built a place to live, and that was the beginning of Jacksonville.

The lesson of what he did and why, seems to have stuck.

Basically, it's just that you have to believe in a thing awfully hard, and love it a lot to get the most out of it.

From what I've been able to learn, that is the story of Jacksonville.

In a larger sense it is the story of America. And in the largest sense, I think it is the story of all human happiness.

No man can look around this city, see the record of progress written here in every index of accomplishment, and not say to himself, "These folks have a right to be proud of themselves."

And I know you do take pride in what this city and this Chamber of Commerce have achieved together.

Jacksonville has led our state in industrial development for cities of your size for the last four years.

Yours is a prosperous economy, and that is no small achievement when you look at our national economy today.

Now, that we have spent our way into inflation, I see some government experts expect to spend us back out again.

I don't think it will work.

Today, we have a situation that some people call stagflation.

It defies all the rules of classical economic logic.

We have a recession and inflation at the same time.

Production is down, and prices are up.

High prices ought to stimulate production, but for various reasons—production is off.

When people ought to be saving their money, they are spending more.

They are spending most all of it.

And the Government is having trouble figuring out what to do when the people do not respond to the economic situation the way the rules say they should.

This is a complicated problem.

But the first thing we need is confidence in our national economy—the kind of confidence that you have in your local economy.

One of the first steps toward restoring confidence in the national economy is for the Government to restore fiscal responsibility to the budgetary process.

We need a balanced federal budget.

Now that sounds like the standard brass-bound, copper-plated conservative answer to everything from hives to discourteous children.

So let me explain myself.

When the government operates with an unbalanced budget, it has to borrow to make up the deficit.

No matter how bad things look, the United States Government has a very good credit rating, and it can get the money.

But the supply of money is limited.

We're not like Germany in the 30's—we can't just print more money.

So when the Government needs money, it borrows.

And when it borrows money, there is just that much less for anybody else to borrow.

And if you can't get money, you can't build your factory, you can't extend your warehouse, you can't build your new house, and the total impact of all the things you can't do is to reduce productivity all across the broad range of the economy.

You have more dollars buying fewer goods, and pretty soon you have inflation, so your dollar is worthless.

If the rate of inflation is 2 percent or 3 percent, a person can buy bonds that bring 6 percent or 7 percent and stay ahead of the curve.

But if the rate of inflation gets up to 10 percent or 12 percent or more the way it is today, then people know there isn't any point in saving, because that is like throwing money away.

They put it in the bank and when they take it out, it's worth less than it was when they put it in.

So people don't save.

And when they don't save, that is just that much less money available to lend to people for their factories and warehouses and homes.

So I don't maintain that fiscal responsibility and a balanced budget will cure hives, but I do say it would help cure some of our economic difficulties.

But you are ahead of the economic difficulties.

You have something more than a prosperous local economy—you have a diversified economy, which tends to protect you from the ebb and flow in commercial progress that occurs within most industries, and most towns.

The Jacksonville Chamber of Commerce can take a lot of credit for this, as it can take great credit for so many of the achievements that flow from economic progress.

I want to take note of the fact that Jacksonville has some pretty valuable exports, as well, one of whom is a Vice-President of Occidental Petroleum and a good friend of mine—George Williamson.

He is our youngest operational Vice-President.

He manages over a billion dollar annual program of our company.

He is important to us, and we appreciate him.

It seemed to me, as I read of your accomplishments, that they might be sufficient to persuade some people that they could sit back and relax for awhile, and rest on their laurels.

But then I read two editorials of the "Daily Progress," and they don't talk about what has already been accomplished.

No. They reveal a people and a city with too much self-confidence to fall into the trap of self-congratulation.

They accept what has been done, and they talk about the need for a new library, new streets and highways, new housing.

They talk about even further industrial development, about improving the airport, and expanding recreation programs for your young people.

They talk about further improvements in educational facilities.

So as you look back on fifty years of progress in cooperation with the people, business, and industry of Jacksonville, you mark this occasion not as a period, but a comma—not an end, but just the beginning.

There is an old American saying: "Hats off to the past; coats off to the future."

That is the tradition in which you act, and in which I know you will continue to act.

It would be difficult to overestimate the importance of keeping this tradition alive in America today.

On every hand, we hear the voices of pessimism and defeatism, we see the ravages of atheism.

The entertainment so many of our people seek, and which is so available to them, is no longer the wholesome refreshment of the spirit that delights and sustains, but rather is the sordid sensationalism that denies and destroys.

In many places new notions of how to educate our young people are contributing to a harmful permissiveness and a falling away from those beliefs which are so vital to the maintenance of a strong and free nation.

When you travel around America and you go to the great metropolises with hundreds of thousands of people governed by huge bureaucracies spending millions of dollars, it is sometimes easy to equate size with importance.

And you have to wonder what a small city can do to preserve and advance the greatness of America.

Well, David was small, and Goliath was a giant.

But David was a believer, and God was with him.

Over two thousand years ago Athens, Greece was small.

In all the barbarian world at that time, one little city state, gave birth to an idea, an idea called freedom, that all the armies of all the tyrants since that time have not been able to destroy.

A candle is small. But where there is darkness all about, men will come to share the light of that candle and will no longer fear the dark.

Jacksonville may not be a metropolis.

But the spirit that lives there, that has made this a wholesome place, a beautiful place, and a prosperous place to live and to raise up families, and worship—that spirit will stand against all the darkness, and doubt, and despair, that the world can throw against it.

This is why the achievements of this city and its people working together are so vital.

Not because of what you provide for yourselves, but because of what you provide for all of our people.

You can call it a good attitude.

A positive attitude.

You can call it hope.

You can call it a anything you like, but it is a flame which affirms that a great people still inhabit this land.

All Americans need to be reassured of it, and given renewed confidence in themselves and their capacity for greatness.

And all the world needs to know it too, so that those with conquest in their hearts will not be tempted, and so that those who need to know that liberty and decency and hope live in the world can look to us, as they have for two hundred years, and still find those perfect things here in America.

All power, all strength, all ambition, even virtue itself, must unite, must be given leadership, must be channeled into a greater achievement and further progress.

This has been the role of the Jacksonville Chamber of Commerce.

It is a success story.

It speaks for itself.

And what it says is that the spirit of America is alive, and well, the spirit of mankind is healthy and strong, that faith and hope still guide the affairs of man if men will let them.

Tonight, as we remember the past with pride, let us look to the future with confidence.

We have a heritage to pass on, and a legacy to live up to.

With the attitude which characterizes Jacksonville, the faith that is reflected in your plans for the future, the hard work, that is reflected in all you have accomplished thus far, with a stubborn devotion to the ideals which have served you well in the past. I know that you will pass on the same legacy of greatness which you have inherited.

I am very, very proud to be here and to be a part of this occasion.

I thank you, and I hope to return to celebrate another fiftieth anniversary with you.

WILD AND SCENIC RIVERS STUDIES OF THE TONGUE RIVER, WYO.

(Mr. RONCALIO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RONCALIO. Mr. Speaker, today I am introducing legislation to include a portion of the Tongue River, in Sheridan County, Wyo., in studies for possible future inclusion in the Wild and Scenic Rivers System.

The justifications for this proposed inclusion are many. The river is of outstanding natural beauty, possessing wilderness characteristics, and having high water quality. A recent Tongue River composite, prepared by the Tongue Ranger District of the Bighorn National Forest gives the river the highest possible ratings for esthetics.

Land within the area provides habitat for moose, black bear, and a wide variety of nongame species. The area supports large numbers of elk and mule deer. Several species of grouse and other upland game birds are plentiful, and Golden Eagles are commonly observed. The river also supports an abundance of game fish in prime condition. The Wyoming Game and Fish Commission rates the river as a class 2 stream fishery—"very good trout waters-fishery of statewide importance."

Of even greater importance, however, is the expected expansion of industrial development in northeastern Wyoming. The Bighorn National Forest is recognized as the recreation mecca for northeastern Wyoming. In the spring of 1974, Gillette, Wyo., a 2-hour drive from the Tongue River area, received widespread coverage from the national news media when a coal mining boom in the Powder River Basin brought about a quantum increase in population.

Problems concommitant to such sudden increases in population are myriad, and have become topics of statewide discussion and concern. Problems related to sudden population growth will be a new experience for many of the State's inhabitants. There will be a need and demand for increased recreational opportunities to help cope with these problems. This area could well provide for many of the increased outdoor recreational needs of the State.

As well, as this massive energy resource development effort continues to get underway, in Wyoming, there is a growing demand for our water and commitment of our streams to meet the needs of coal development and power generation. As these related changes—population influx, and increased energy development—move ahead in Wyoming it is essential that full review and consideration be taken of those streams with unique and particularly scenic qualities, to provide for effective management and protection, before they are radically and possibly irreversibly altered. I believe that we must move now to protect and preserve such streams if we are to retain these in their natural state for the enjoyment and use of future generations and for their contribution in the natural state to their ecosystem. The Tongue River, is certainly one such river.

As I said when I first introduced this legislation in the last Congress, I received many requests from Sheridan County and from people who have enjoyed the Tongue River in its natural state for fishing, recreation, and its scenic qualities, asking that this legislation be introduced. There is strong support for this legislation from the Sheridan County Sportsmen's Association, Bighorn Audubon Society, and the Sheridan County Commissioners. I strongly urge that my colleagues here in the House move to include this portion of the Tongue River in the studies to determine its feasibility as a Wild and Scenic River.

AMERICAN POLICY CONCERNING: MIDDLE EAST, ARMS CONTROL, AND LONG-RANGE ENERGY PLANNING

(Mr. YATES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. YATES. Mr. Speaker, our colleague, the gentleman from Arizona (Mr. UDALL), recently spoke at the Academic Conference of the Friends of the Hebrew University of Jerusalem on the occasion of the 50th anniversary of the university.

In his speech, Mr. UDALL clearly and succinctly outlined principles and goals to guide American policy in three major areas of current concern: The Middle East, arms control, and long-range energy planning.

This thought-provoking piece eloquently addresses issues that are of great concern to all Americans.

I commend it to my colleagues for their reading.

The text of his remarks follows:

Ladies and Gentlemen:

I am honored to join you tonight in celebrating the happy event of the 50th anniversary of the Hebrew University.

Perhaps more than any other people, the Jewish people have traditionally placed a high value on knowledge and on education.

Since the return to Israel, through all the years of hardship and the struggle for mere survival—the Jewish people sustained and nourished a magnificent university which has now grown into an institution of internationally recognized stature.

The contribution of Hebrew University—the doctors, lawyers, economists, agriculturalists, engineers, and scholars it has produced—to the strength and prosperity of Israel—can hardly be overestimated.

So in a sense, what we are really celebrating tonight is the fruit of a wise decision. The choice to invest very scarce human and material resources in a great university.

For Israel, that choice was neither simple nor obvious but it reflected and still reflects a wise appreciation for *true* national self-interest—that the greatness of a nation is founded upon its appreciation and fostering of education and enlightenment.

Tonight I want to spend a few minutes sharing with you my thoughts on similar decisions facing the United States.

For I believe we are at a watershed. A time when it has become vitally important for Americans to come to a new understanding of where *our* true national interest lies.

Today is a time to discard old assumptions, and to abandon policies that no longer match the reality of current conditions.

A time to cast off the ties that bind us so pitifully to the status quo, and a time to take a fresh look at those policies whose momentum has carried us to places we would never have *chosen* to go.

The deepening troubles we face—in the economy, in energy, and in the international arena—have caused heightened concern, yet they give us the opportunity to unite in a serious effort to grasp the basics of our current condition, and the devise policies tailored to what we see, rather than what we might hope or wish to see.

I have no doubt that we can do it. It will require qualities lacking in past years perhaps, but they are there, and are waiting to be called up:—intellectual honesty, political courage, and a measure of wisdom.

Thomas Carlyle wrote: "Adversity is sometimes hard upon a man; but for one man who can stand prosperity, there are a hundred who will stand adversity."

The same holds true for nations.

No one here doubts, I am sure, that our decisions concerning American policy in the Middle East will affect our national interest and security to a very great degree. My own view of the principles that should guide those decisions is the following:

First, and most fundamental, our policy must be based on the realization that the continued existence of Israel is in the national security interest of the United States. Israel is a fully democratized nation, sharing with us a common Judaeo-Christian heritage. As such, it is our only natural and fully dependable ally in this pivotal, crucially important region of the world. While we continue to seek to create and strengthen friendly relations with the Arab nations of the Middle East, we cannot forget the unique relationship we share with the State of Israel.

Second, in both its policy statements and in its negotiating posture, the United States must separate the OPEC oil issue from the Arab-Israeli problem. Anyone with a sense of history can come to no other conclusion than that an attempt to extract Israeli concessions, in return for oil benefits, will lead to one inevitable result: further and tougher Arab demands. Even if by some miracle the Arab-Israeli dispute were to be solved tomorrow, the oil cartel would be no less strong, no less firm in its intent, and the energy crisis no less real. I reject the linkage. America rejected it last winter. America will reject it again.

Any doubts on this matter should have been set to rest by two recent and extremely disturbing events. Twice during January, the government of Kuwait warned French banks that Kuwait would not participate in major syndications unless three firms were excluded. The three—Warburg of London, the Rothschild merchant banks of London and Paris and Lazard Freres & Cie of Paris—are all controlled by Jews. Such demands amount to nothing less than international blackmail:

if ever presented to this nation, they must be rejected with complete conviction and firm resolve.

Third, we need not confuse and torment ourselves with hypothetical questions of when, and under what conditions, we would send American troops to the Middle East. The Israelis do not want our troops, a few weeks ago the Israeli Ambassador to the United States told me, "We do not want to be attacked by the Soviets. Equally, we do not want to be saved by the U.S. . . ."

They want arms to defend themselves, and these we must send. This requires no blank check, no surrender of American judgment to Israeli requests. It requires us to send enough arms to enable Israel to maintain a balance of strength with the Arab states, which will enable Israel to survive.

It also requires us to make a serious and immediate effort to slow the exploding arms race in the Middle East.

Fourth, the Soviets should in some way be brought into the process of achieving a Middle Eastern peace. Regardless of whether or not we believe that peace in that region is in Russia's self-interest, we can agree that their current exclusion from the negotiations leaves them no alternative but to try to undermine or destroy whatever initiatives Secretary Kissinger proposes. They must be given a participation stake in the eventual solution, or there will be no lasting peace in this troubled region.

I am concerned with our expanding efforts to become the arms supplier to all belligerents in the Middle East. The arms race demands serious reexamination. The worldwide trade in *non-nuclear* arms has grown from a world expenditure of about $300 million in 1952 to a total of nearly $18 billion this year—a 6000% increase.

The American contribution to this deadly race is estimated to be $12 billion. Among 57 major arms exporters, we alone contribute ⅔ of the total.

The arms trade is not a private business. It is carried on by governments, but as the trade doubles and redoubles, it has become less and less clear how the endless purchase of arms serves the interest of the nations these governments represent.

If we are, as we hold ourselves to be, the single greatest power in the world which is dedicated to peace—

And since we are, as the facts tell us, the single greatest producer of the tools of war—

We owe it to ourselves and to our hopes for the future to initiate serious study of the ways and means to control the international conventional arms trade.

What should be controlled? By whom, and under what types of agreement? These are questions for which we have no answers—but we must not wait much longer before trying to find them.

The nuclear arms race also demands our attention. The Vladivostok accords of last November may symbolize an end to the quantitative nuclear race, but the door has been left open to an equally dangerous and vastly expensive, qualitative race. Not only was the number of allowed MIRVed warheads set higher than anyone believes necessary for any strategic purpose, but no limitations were placed on the destabilizing programs to improve accuracy, on the status of cruise missiles, mobile-based missiles, and other new systems.

We must also devote more serious effort to achieving the comprehensive nuclear test ban to which we publicly dedicated ourselves more than a decade ago. First in the Limited Test Ban Treaty of 1963, and again in the Nuclear Nonproliferation Treaty of 1968, we stated our determination to end "all test explosions of nuclear weapons for all time."

Since then, little progress has been made.

A good deal of the blame lies with Russia, but we also have been reluctant to commit ourselves in fact to our stated purpose.

Both nations must now realize that the overriding danger that we both face is the growing membership in what is no longer an exclusive nuclear club. Unless Russia and the United States show a serious desire to control their own nuclear menace, the other nations of the world will be understandably reluctant to limit themselves. The Nuclear Nonproliferation Treaty is scheduled for international review this May, and in this climate, it will require our strongest possible efforts to preserve it.

On the domestic scene, we also have some serious rethinking to do. We are passing from an era of cheap and abundant materials and energy to an era of shortage.

This is no cause for despair. The pangs of the transition will continue to be painful for a while, but once we understand the cause of the problem, we have the resources to effect its cure.

The shortsightedness of our wasteful energy policies has been pointed out for years by a few knowledgable people, but the "can doers" and "grow grow grow" philosophy carried the day.

As recently as November 1973, Richard Nixon said: "There are only 6% of the people in the world living in the United States, and we use 30% of all the energy. That isn't bad; that is good. That means we are the richest, strongest people in the world, and that we have the highest standard of living in the world. That is why we need so much energy, and may it always be that way." Well, as was so often the case—Richard Nixon was dead wrong. That isn't good; it is bad. It means not that we are strong or rich or great; but that we are greedy, lazy, and above all, terribly wasteful.

Until we all accept this fact; realize that our free ride is over, and learn to use resources wisely, recycle wherever possible, and cut energy waste wherever it can be found—until that day, the troubles of the past year can only grow worse.

The central failure of our Federal energy policy has been that it has consistently refused to accept what I see as the unavoidable necessity of embracing energy conservation as a positive, powerful, central principle of energy policy. Not as a fail-safe or stopgap measure to close the gap between what we want and what we have.

Our immediate attention in the next few months must be to the emergency measures needed to reverse economic trends and to care for the unemployed—our walking wounded.

But very soon, we must turn our attention to adopting energy conservation policies. Not only will a policy of limited energy growth not harm our economic recovery; on the contrary, energy conservation and thrift is the essential framework on which long-term economic health will be built.

The greatest economist of this century, John Maynard Keynes, wrote, "Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist." The irony is that Keynes himself is now one of those defunct prophets. And there are many more.

Defunct prophets—invalid assumptions—outdated policies. The challenge for this nation is to identify and discard them all. And when we have done so we can make new decisions—as wise as that one made on Mount Scopus 50 years ago—that we have gathered to commemorate tonight.

PERSONAL EXPLANATION

Mr. VANIK. Mr. Speaker, yesterday, on rollcall No. 27, the vote on the budget rescission bill, I am recorded as not voting. I was present, and I remember having cast my ballot in the computer system. I voted "yea" in favor of the legislation.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. KETCHUM (at the request of Mr. MICHEL), for the remainder of the week on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PATMAN, for 60 minutes, today, and to include extraneous matter.

(The following Members (at the request of Mr. GRASSLEY), to revise and extend their remarks, and to include extraneous matter:)

Mr. YOUNG of Alaska, for 5 minutes, today.

Mr. FORSYTHE, for 10 minutes, today.

(The following Members (at the request of Mr. DAVIS), to revise and extend their remarks, and to include extraneous matter:)

Mr. ALEXANDER, for 30 minutes, today.

Mr. NOWAK, for 5 minutes, today.

Mr. WOLFF, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Ms. HOLTZMAN, for 5 minutes, today.

(The following Members (at the request of Mr. THORNTON), to revise and extend their remarks, and to include extraneous matter:)

Mr. MCFALL, for 10 minutes, today.

Mr. FITHIAN, for 5 minutes, today.

Mr. METCALFE, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. GRASSLEY), and to include extraneous matter:

Mr. BIESTER.

Mr. ARCHER in two instances.

Mr. BROOMFIELD.

Mr. WHALEN.

Mr. STEELMAN.

Mr. ASHBROOK in two instances.

Mr. CRANE in three instances.

Mr. BROWN of Ohio.

Mr. DERWINSKI in three instances.

Mr. GOODLING.

Mr. MICHEL.

Mr. HEINZ in two instances.

(The following Members (at the request of Mr. DAVIS), and to include extraneous matter:)

Mr. CHARLES WILSON of Texas.

Mr. GAYDOS in 10 instances.

Mr. MINETA.

Mr. GONZALEZ in three instances.

Mr. ANDERSON of California in three instances.

Mr. KASTENMEIER.
Mr. DINGELL.
Mr. MATHIS.
Mr. NIX.
Mr. BOLAND in two instances.
Mr. CARR.
(The following Members (at the request of Mr. THORNTON), and to include extraneous matter:)
Mr. HALL in two instances.
Mr. MCDONALD of Georgia.
Mr. HARRIS.

ADJOURNMENT

Mr. THORNTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 34 minutes p.m.), the House adjourned until tomorrow, Thursday, February 27, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

408. A letter from the Under Secretary of Housing and Urban Development, transmitting the first annual report on the coinsurance program under the National Housing Act, pursuant to section 244(f) of the act (88 Stat. 680); to the Committee on Banking, Currency and Housing.

409. A letter from the Executive Secretary to the Department of Health, Education, and Welfare transmitting notice of proposed regulations for bilingual vocational training under the Vocational Education Act of 1963, as amended, pursuant to section 431(d) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

410. A letter from the Administrator, Agency for International Development, Department of State, transmitting a report on the review of the level of defense expenditures by the Syrian Arab Republic, conducted pursuant to section 620(s) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

411. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to section 112(b) of Public Law 92-403; to the Committee on Foreign Affairs.

412. A letter from the Governor, Farm Credit Administration, transmitting a report on the administration's activities under the Freedom of Information Act during calendar year 1974, pursuant to 5 U.S.C. 522(d); to the Committee on Government Operations.

413. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a report on control of sulphur oxides, pursuant to section 119(k) of the Clean Air Act, as amended (88 Stat. 255); to the Committee on Interstate and Foreign Commerce.

414. A letter from the Administrator, Federal Energy Administration, transmitting a semiannual report on the economic impact of Federal Energy Administration actions, pursuant to section 18(d) of Public Law 93-275; to the Committee on Interstate and Foreign Commerce.

415. A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting a report on Department of Defense procurement from small and other business firms for the period July-December 1974, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

416. A letter from the Assistant Secretary of Defense (International Security Affairs), transmitting notice of the intention of the Department of Defense to consent to the loan of certain U.S.-origin military equipment by the Government of the Republic of Vietnam to the Government of the Khmer Republic, and, in the event of its loss or destruction, to consent to its replacement with equivalent equipment which may be provided under U.S. military assistance to the Khmer Republic, pursuant to section 401(a)(2) of the Armed Forces Supplemental Appropriation Authorization, 1966, as amended, and section 505(e) of the Foreign Assistance Act of 1961, as amended; jointly, to the Committees on Armed Services, and Foreign Affairs.

RECEIVED FROM THE COMPTROLLER GENERAL

417. A letter from the Comptroller General of the United States, transmitting a report on Federal agencies administering programs related to marine science activities and oceanic affairs; to the Committee on Government Operations.

418. A letter from the Comptroller General of the United States, transmitting a report on the need for a better system of adjusting salaries of top Federal officials; jointly, to the Committees on Government Operations, and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Pursuant to the order of the House on Feb. 25, 1975, the following report was filed on Feb. 26, 1975*]

Mr. BOLLING: Committee on Rules. House Resolution 259. Resolution providing for the consideration of H.R. 2166. A bill to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit, and for other purposes (Rept. No. 94-21). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MCFALL (for himself, Mr. TEAGUE, Mr. ESHLEMAN, Mr. ASHLEY, Mr. BADILLO, Mr. BRADEMAS, Mr. BROWN of California, Mrs. BURKE of California, Mr. CARNEY, Mr. CORMAN, Mr. COTTER, Mr. DOMINICK V. DANIELS, Mr. DANIELSON, Mr. DRINAN, Mr. EDWARDS of California, Mr. EILBERG, Mr. FLORIO, Mr. FORD of Tennessee, Mr. FORD of Michigan, Mr. HAWKINS, Mr. HELSTOSKI, Mr. HUBBARD, and Mr. HUNGATE):

H.R. 3750. A bill to establish a National Energy and Conservation Corporation (AMPOWER), and for other purposes; jointly to the Committees on Interior and Insular Affairs, and Science and Technology.

By Mr. MCFALL (for himself, Mr. TEAGUE, Mr. HAMMERSCHMIDT, Mr. JENRETTE, Mr. LEGGETT, Mr. MEEDS, Mr. MOAKLEY, Mr. MOTTL, Mr. MURPHY of Illinois, Mr. NEDZI, Mr. NIX, Mr. O'HARA, Mr. PEPPER, Mr. RICHMOND, Mr. ROE, Mrs. SCHROEDER, Mrs. SPELLMAN, Mr. STRATTON, Mrs. SULLIVAN, Mr. WON PAT, and Mr. YATES):

H.R. 3751. A bill to establish a National Energy and Conservation Corporation (AMPOWER), and for other purposes; jointly to the Committees on Interior and Insular Affairs, and Science and Technology.

By Mr. MCFALL (for himself, Mr. TEAGUE, Mr. YATRON, Mr. ZABLOCKI, Mr. SOLARZ, Mr. VANDER VEEN, and Mr. GILMAN):

H.R. 3752. A bill to establish a National Energy and Conservation Corporation (AMPOWER), and for other purposes; jointly to the Committees on Interior and Insular Affairs, and Science and Technology.

By Mr. ARCHER:

H.R. 3753. A bill to provide that certain provisions of the Natural Gas Act relating to rates and charges shall not apply to persons engaged in the production or gathering and sale but not in the transmission of natural gas; to the Committee on Interstate and Foreign Commerce.

By Mr. ASHBROOK:

H.R. 3754. A bill to provide that certain criminal penalties imposed as a result of the failure of an individual to answer to questions submitted in connection with a census or survey conducted under title 13, United States Code, shall not be applicable to any census taken under section 142 of such title; to the Committee on Post Office and Civil Service.

By Mr. BAUMAN:

H.R. 3755. A bill to establish priority allotments for natural gas used to produce fertilizer and agricultural chemicals; to the Committee on Interstate and Foreign Commerce.

By Mr. BROOMFIELD:

H.R. 3756. A bill to promote public confidence in the integrity of Federal employees by requiring such employees to make certain financial disclosures; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. CASEY:

H.R. 3757. A bill to strengthen the penalty provisions of the Gun Control Act of 1968; to the Committee on the Judiciary.

By Mr. CEDERBERG:

H.R. 3758. A bill to amend title 5 of the United States Code to provide for the designation of the 11th of November of each year as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. DON H. CLAUSEN:

H.R. 3759. A bill to insure that each admission to the service academies shall be made without regard to a candidate's sex, race, color, or religious beliefs; to the Committee on Armed Services.

By Mr. CLEVELAND:

H.R. 3760. A bill to repeal the earnings limitation of the Social Security Act; to the Committee on Ways and Means.

By Mr. CLEVELAND (for himself, Mr. WRIGHT, Ms. ABZUG, Mr. ANDERSON of California, Mr. ANDREWS of North Dakota, Mr. BALDUS, Mr. BEARD of Rhode Island, Mr. CONABLE, Mr. COUGHLIN, Mr. D'AMOURS, Mr. HARRINGTON, Mr. HASTINGS, Mr. HINSHAW, Mr. JEFFORDS, Mr. KASTEN, Mr. KEMP, Mr. KRUEGER, Mr. MCEWEN, Mr. MCKINNEY, Mr. MINETA, Mr. ROE, Mr. RUPPE, Mr. SARASIN, Ms. SCHROEDER, and Mr. THONE):

H.R. 3761. A bill to amend title II of the Federal Water Pollution Control Act to provide for State certification; to the Committee on Public Works and Transportation.

By Mr. CLEVELAND (for himself, Mr. WRIGHT, Mr. MOSHER, Mrs. SPELLMAN, Mr. TSONGAS, Mr. VANDER VEEN, Mr. WINN, Mr. WHITEHURST, and Mr. YATRON):

H.R. 3762. A bill to amend title II of the Federal Water Pollution Control Act to provide for State certification; to the Committee on Public Works and Transportation.

By Ms. COLLINS of Illinois (for herself, Ms. ABZUG, Mr. BURKE of Massachusets, Ms. BURKE of California, Mr. CARTER, Ms. CHISHOLM, Mr. DANIELSON, Mr. FLORIO, Mr. HALL, Mr. HARRINGTON, Mr. HAWKINS, Mr. HECHLER of West Virginia, Mrs. HECKLER of Massachusetts, Ms. HOLTZMAN, Mr. METCALFE, Mr. MOORHEAD of Pennsylvania, Mr. NIX, Mr. PATTISON of New York, Mr. RANGEL, Mr. ROSENTHAL, Mr. RYAN, Mr. SOLARZ, Mr. STOKES, Mr. WOLFF, and Mr. YATRON):

H.R. 3763. A bill to protect purchasers and prospective purchasers of condominium housing units, and residents of multifamily structures being converted to condominium units, by providing for the establishment of national minimum standards for condominiums (to be administered by a newly created Assistant Secretary in the Department of Housing and Urban Development), to encourage the States to establish similar standards, and for other purposes; to the Committee on Banking, Currency and Housing.

By Ms. COLLINS of Illinois (for herself, Ms. ABZUG, Mrs. BOGGS, Ms. BURKE of California, Ms. CHISHOLM, Mrs. FENWICK, Mrs. HECKLER of Massachusetts, Mrs. HOLT, Ms. HOLTZMAN, Ms. JORDAN, Mrs. KEYS, Mrs. LLOYD of Tennessee, Mrs. MEYNER, Ms. MINK, Ms. SCHROEDER, Mrs. SPELLMAN, Mrs. SULLIVAN, Mr. BURKE of Massachusetts, Mr. CORMAN, Mr. VANDER VEEN, Mr. PICKLE, Mr. HELSTOSKI, Mr. RANGEL, Mr. JACOBS, and Mr. FRENZEL):

H.R. 3764. A bill to amend title XVIII of the Social Security Act to provide for coverage under part B of medicare for routine Papanicolaou tests for the diagnosis of uterine cancer; to the Committee on Ways and Means.

By Ms. COLLINS of Illinois (for herself, Mr. BADILLO, Mr. BEARD of Rhode Island, Mr. BLANCHARD, Mr. BOLAND, Mr. BRODHEAD, Mr. BROWN of California, Mr. CARR, Mr. CARTER, Mr. CLAY, Mr. CONYERS, Mr. COUGHLIN, Mr. DANIELSON, Mr. DAVIS, Mr. DELLUMS, Mr. DIGGS, Mr. DUNCAN of Oregon, Mr. EDWARDS of California, Mr. EILBERG, Mr. FAUNTROY, Mr. FINDLEY, Mr. FORD of Tennessee, Mr. FRASER, Mr. GAYDOS, and Mr. GILMAN):

H.R. 3765. A bill to amend title XVIII of the Social Security Act to provide for coverage under part B of medicare for routine Papanicolaou test for the diagnosis of uterine cancer; to the Committee on Ways and Means.

By Ms. COLLINS of Illinois (for herself, Mr. GUDE, Mr. HALL, Mr. HARKIN, Mr. HARRINGTON, Mr. HASTINGS, Mr. HAWKINS, Mr. HAYES of Indiana, Mr. JENRETTE, Mr. KOCH, Mr. LAGOMARSINO, Mr. MATSUNAGA, Mr. MELCHER, Mr. METCALFE, Mr. MITCHELL of Maryland, Mr. MOORHEAD of California, Mr. MOORHEAD of Pennsylvania, Mr. MURPHY of New York, Mr. NIX, Mr. OBERSTAR, Mr. PATTEN, Mr. PATTISON of New York, Mr. PEPPER, Mr. PERKINS, and Mr. PEYSER):

H.R. 3766. A bill to amend title XVIII of the Social Security Act to provide for coverage under part B of medicare for routine Papanicolaou tests for the diagnosis of uterine cancer; to the Committee on Ways and Means.

By Ms. COLLINS of Illinois (for herself, Mr. RIEGLE, Mr. RISENHOOVER, Mr. RODINO, Mr. ROE, Mr. ROSENTHAL, Mr. ROYBAL, Mr. SANTINI, Mr. SARBANES, Mr. SIMON, Mr. SOLARZ, Mr. STOKES, Mr. TREEN, Mr. TSONGAS, Mr. WAXMAN, Mr. CHARLES WILSON of Texas, Mr. CHARLES H. WILSON of California, Mr. WOLFF, and Mr. YOUNG of Georgia):

H.R. 3767. A bill to amend title XVIII of the Social Security Act to provide for coverage under part B of medicare for routine Papanicolaou tests for the diagnosis of uterine cancer; to the Committee on Ways and Means.

By Mr. CORMAN:

H.R. 3768. A bill to amend section 3303(f) of the Internal Revenue Code of 1954 with respect to the payment of unemployment taxes by certain nonprofit organizations; to the Committee on Ways and Means.

By Mr. DELANEY:

H.R. 3769. A bill to permit officers and employees of the Federal Government to elect coverage under the old-age, survivors, and disability insurance system; to the Committee on Ways and Means.

By Mr. DERRICK (for himself, Mr. MANN, Mr. DAVIS, Mr. HOLLAND, and Mr. JENRETTE):

H.R. 3770. A bill to designate the Veterans' Administration hospital in Columbia, S.C., as the William Jennings Bryan Dorn Veterans' Hospital; to the Committee on Veterans' Affairs.

By Mr. DINGELL:

H.R. 3771. A bill to make it a Federal crime to murder or assault a fireman or law enforcement officer engaged in the performance of official duties by any person traveling in interstate commerce or using any facility of interstate commerce for such purpose; to the Committee on the Judiciary.

H.R. 3772. A bill to strengthen the penalty provisions of the Gun Control Act of 1968; to the Committee on the Judiciary.

By Mr. DINGELL (for himself, Mr. CASEY, Mr. BROWN of California, Mr. BOLAND, Mr. MAZZOLI, Mr. STARK, Mr. FISH, Mr. DE LUGO, Mr. BADILLO, Mr. ASHLEY, Mr. WOLFF, Mr. MOAKLEY, Ms. HOLTZMAN, Mr. WHITEHURST, Mr. FOLEY, Mr. THONE, Mr. VANDER JAGT, and Mr. STUDDS):

H.R. 3773. A bill to prohibit the sale of "Saturday night special" handguns in the United States; to the Committee on the Judiciary.

By Mr. ERLENBORN (for himself, Mr. MICHEL, and Mr. CRANE):

H.R. 3774. A bill to amend section 218 of the Social Security Act to provide that a policeman or fireman who has social security coverage pursuant to State agreement as an individual employee and not as a member of a State or local retirement system may elect to terminate such coverage if he is subsequently required to become a member of such retirement system; to the Committee on Ways and Means.

By Mr. FORSYTHE:

H.R. 3775. A bill to assure protection of environmental values while facilitating construction of needed electric power supply facilities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FREY:

H.R. 3776. A bill to amend section 121 of the Internal Revenue Code of 1954 to provide that the exclusion from gross income of gain on the sale of a principal residence held for more than 5 years provided by that section will be available without regard to the age of the taxpayer; to the Committee on Ways and Means.

H.R. 3777. A bill to amend titles II and XVIII of the Social Security Act to include qualified drugs, requiring a physician's prescription or certification and approved by a formulary committee, among the items and services covered under the hospital insurance program; to the Committee on Ways and Means.

H.R. 3778. A bill to amend title II of the Social Security Act to increase the amount of outside earnings permitted each year without any deductions from benefits thereunder; to the Committee on Ways and Means.

H.R. 3779. A bill to amend title II of the Social Security Act to increase to $750 in all cases the amount of the lump-sum death payment thereunder; to the Committee on Ways and Means.

H.R. 3780. A bill to amend the Internal Revenue Code of 1954 to provide a basic $5,000 exemption from income tax, in the case of an individual or a married couple, for amounts received as annuities, pensions, or other retirement benefits; to the Committee on Ways and Means.

H.R. 3781. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

H.R. 3782. A bill to amend title XVIII of the Social Security Act to provide payment under the supplementary medical insurance program for optometrists' services and eyeglasses; to the Committee on Ways and Means.

H.R. 3783. A bill to amend section 121 of the Internal Revenue Code of 1954 (relating to gain from sale or exchange of residence of individual who has attained age 65) to lower to 60 the age at which the benefits of that section may be elected and to increase the amount of gain which may be excluded under such section; to the Committee on Ways and Means.

By Mr. HEINZ:

H.R. 3784. A bill to amend the Internal Revenue Code of 1954 to extend and liberalize the amortization provisions for pollution control facilities; to the Committee on Ways and Means.

H.R. 3785. A bill to amend the Internal Revenue Code of 1954 to allow an individual to elect a tax credit for 50 percent of his charitable contributions in lieu of the deduction allowed for such contributions; to the Committee on Ways and Means.

By Mr. HOWARD (for himself, Mr. JONES of Alabama, Mr. HARSHA, Mr. WRIGHT, Mr. SHUSTER, Mr. NOWAK, Mr. TAYLOR of Missouri, Mr. JOHNSON of California, Mr. DON H. CLAUSEN, Mr. ANDERSON of California, Mr. ROE, Mr. MCCORMACK, Mr. JAMES V. STANTON, Mr. MINETA, Mr. HOLLAND, Mr. OBERSTAR, and Mrs. LLOYD of Tennessee):

H.R. 3786. A bill to authorize the increase of the Federal share of certain projects under title 23 United States Code; to the Committee on Public Works and Transportation.

By Mr. HOWARD (for himself, Mr. JONES of Alabama, Mr. HARSHA, Mr. WRIGHT, Mr. CLEVELAND, Mr. NOWAK, Mr. WALSH, Mr. JOHNSON of California, Mr. DON H. CLAUSEN, Mr. ANDERSON of California, Mr. ROE, Mr. MCCORMACK, Mr. JAMES V. STANTON, Mr. BREAUX, Mr. GINN, Mr. MINETA, Mr. HOLLAND, and Mr. OBERSTAR):

H.R. 3787. A bill to amend section 109 of title 23 United States Code relating to the preparation of certain statements on highway projects in the States of New York, Vermont, and Connecticut; to the Committee on Public Works and Transportation.

By Mr. KASTENMEIER (for himself, Mr. STEELMAN, Ms. ABZUG, and Mr. HARRIS):

H.R. 3788. A bill to require candidates for Federal office, Members of the Congress, and officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. LONG of Maryland:

H.R. 3789. A bill to provide for the application of the Sherman Act to persons engaged in the business of organized professional team sports; to the Committee on the Judiciary.

By Mr. MATHIS:

H.R. 3790. A bill to authorize recomputation at age 60 of the retired pay of members and former members of the uniformed services whose retired pay is computed on the basis of pay scales in effect prior to January 1, 1972, and for other purposes; to the Committee on Armed Services.

H.R. 3791. A bill to authorize equalization of the retired or retainer pay of certain members and former members of the uniformed services; to the Committee on Armed Services.

H.R. 3792. A bill to repeal the Occupational Safety and Health Act; to the Committee on Education and Labor.

H.R. 3793. A bill to amend the Accounting and Auditing Act of 1950 to provide for the audit of certain Federal agencies by the Comptroller General; to the Committee on Government Operations.

H.R. 3794. A bill to amend the Clean Air Act to prohibit the Administrator of the Environmental Protection Agency from requiring an indirect source emission review as part of any applicable implementation plan; to the Committee on Interstate and Foreign Commerce.

H.R. 3795. A bill to amend title 5, United States Code, to correct certain inequities in the crediting of National Guard Technician service in connection with civil service retirement, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. OBEY (for himself, Mr. LENT, Mr. MCHUGH, and Mr. MOORE):

H.R. 3796. A bill to protect the public health and welfare by providing for the inspection of imported dairy products and by requiring that such products comply with certain minimum standards for sanitation and that the dairy farms on which milk is produced and the plants in which such products are produced meet certain minimum standards of sanitation, and for other purposes; to the Committee on Agriculture.

By Mr. PATMAN:

H.R. 3797. A bill to amend the Federal Meat Inspection Act to require that imported meat and meat food products made in whole or in part of imported meat be labeled "imported" at all stages of distribution until delivery to the ultimate consumer; to the Committee on Agriculture.

H.R. 3798. A bill to reestablish November 11 as Veterans Day; to the Committee on Post Office and Civil Service.

H.R. 3799. A bill to amend the Small Business Act to expand the definition of small business concern to include agribusinesses; to the Committee on Small Business.

By Mr. PEPPER:

H.R. 3800. A bill to permit officers and employees of the Federal Government to elect coverage under the old-age, survivors, and disability insurance system; to the Committee on Ways and Means.

By Mr. QUIE:

H.R. 3801. A bill to make certain technical and perfecting amendments to the Education Amendments of 1974 (Public Law 93-380); to the Committee on Education and Labor.

By Mr. ROGERS:

H.R. 3802. A bill to amend the Internal Revenue Code of 1954 to provide an exemption from income taxation for cooperative housing corporations, condominium housing associations, and certain homeowners' associations and to tax the unrelated business income of such organizations; to the Committee on Ways and Means.

By Mr. RONCALIO:

H.R. 3803. A bill to amend the Wild and Scenic Rivers Act of 1968 by designating a portion of the Tongue River, Wyo., for potential addition to the National Wild and Scenic Rivers System, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. STARK (for himself, Mr. BLANCHARD, Mr. CARNEY, Mr. CARR, Mr. COUGHLIN, Mr. DRINAN, Mr. EDWARDS of California, Mr. EILBERG, Mr. EVANS of Indiana, Mr. FORD of Tennessee, Mr. HARRINGTON, Mrs. HECKLER of Massachusetts, Mr. HELSTOSKI, Mr. JEFFORDS, Mr. KREBS, Mr. MILLER of California, Mr. TAYLOR of North Carolina, Mr. TRAXLER, Mr. WHITEHURST, and Mr. YATRON):

H.R. 3804. A bill to amend the Bank Holding Company Act of 1956 to make it applicable to alien individuals; to the Committee on Banking, Currency and Housing.

By Mr. STEED (for himself, Mr. ENGLISH, and Mr. RISENHOOVER):

H.R. 3805. A bill to provide price support for milk at not less than 85 percent of the parity price therefor, and for other purposes; to the Committee on Agriculture.

By Mr. STEELMAN:

H.R. 3806. A bill to amend title 38 of the United States Code so as to provide that public or private retirement, annuity, or endowment payments (including monthly social security insurance benefits) shall not be included in computing annual income for the purpose of determining eligibility for a pension under chapter 15 of that title; to the Committee on Veterans' Affairs.

By Mr. STUDDS:

H.R. 3807. A bill to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy resource development and production which affects the coastal zone, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H.R. 3808. A bill to establish a policy for the management of oil and natural gas in the Outer Continental Shelf; to protect the marine and coastal environment; to amend the Outer Continental Shelf Lands Act; and for other purposes; jointly to the Committees on the Judiciary, Merchant Marine and Fisheries, Interior and Insular Affairs, and Science and Technology.

By Mr. THORNTON:

H.R. 3809. A bill to create a National Power Resources Authority for the development of nuclear power facilities, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. WALSH:

H.R. 3810. A bill to amend chapter 34 of title 38, United States Code, to authorize additional payments to eligible veterans to partially defray the cost of tuition; to the Committee on Veterans' Affairs.

By Mr. WOLFF:

H.R. 3811: A bill to amend the Outer Continental Shelf Lands Act to insure that leases of the Outer Continental Shelf for the recovery of oil and gas are issued only to citizens of the United States; to the Committee on Interior and Insular Affairs.

H.R. 3812. A bill to permit officers and employees of the Federal Government to elect coverage under the old-age, survivors, and disability insurance system; to the Committee on Ways and Means.

By Mr. YOUNG of Alaska:

H.R. 3813. A bill to amend the Federal Water Pollution Control Act in order to increase the authorization for the Alaska village demonstration projects; to the Committee on Public Works and Transportation.

By Mr. CEDERBERG:

H.J. Res. 249. Joint resolution asking the President of the United States to declare the fourth Saturday of each September National Hunting and Fishing Day; to the Committee on Post Office and Civil Service.

By Mr. DINGELL:

H.J. Res. 250. Joint resolution providing for the designation of the fourth week of April of each year as Police Officers Wives Association Week"; to the Committee on Post Office and Civil Service.

By Mr. MATHIS:

H.J. Res. 251. Joint resolution proposing an amendment to the Constitution of the United States relative to the balancing of the budget; to the Committee on the Judiciary.

By Mr. PICKLE:

H.J. Res. 252. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of November of each year as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. LONG of Maryland:

H. Con. Res. 153. Concurrent resolution expressing the sense of the Congress that the United States should call an international conference to limit the sale of arms to the Middle East; to the Committee on Foreign Affairs.

By Mr. MATHIS:

H. Con. Res. 154. Concurrent resolution to collect overdue debts; to the Committee on Foreign Affairs.

By Mr. MITCHELL of Maryland (for himself, Ms. BURKE of California, Mr. CLAY, Mr. DUNCAN of Oregon, Mr. DODD, Mr. FAUNTROY, Mr. FORD of Tennessee, Mr. MIKVA, Mr. SIMON, Mr. STARK, Mr. STOKES, and Mr. YOUNG of Georgia):

H. Con. Res. 155. Concurrent resolution expressing appreciation to Mr. Frank Wills; to the Committee on the Judiciary.

By Mr. PERKINS (for himself, Mr. DENT, Mr. ERLENBORN, and Mr. QUIE):

H. Res. 257. Resolution to provide funds for the expenses of the investigation and study of welfare and pension plans to be conducted by the Committee on Education and Labor; to the Committee on House Administration.

By Mr. ROGERS:

H. Res. 258. Resolution disapproving the proposed deferral of $1,034,000 for sea-grant program grants (proposed deferral D75-94) contained in the President's message of November 26, 1974; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. FAUNTROY:

H.R. 3814. A bill for the relief of Veronica Knowles; to the Committee on the Judiciary.

By Mr. FLOWERS:

H.R. 3815. A bill for the relief of Joseph J. Andrews; to the Committee on the Judiciary.

H.R. 3816. A bill for the relief of John A. Townsley; to the Committee on the Judiciary.

H.R. 3817. A bill for the relief of The Billings Gazette, The Idaho Statesman, The Independent Record, The Newspaper Agency, Utah State Press Association, Inc., Arizona Daily Sun, and Williams News; to the Committee on the Judiciary.

By Mr. MCFALL:

H.R. 3818. A bill to validate the conveyance of certain land in the State of California by the Southern Pacific Transportation Co.; to the Committee on Interior and Insular Affairs.

By Mr. MITCHELL of Maryland:

H.R. 3819. A bill for the relief of Rosita J. Baclagon; to the Committee on the Judiciary.

H.R. 3820. A bill for the relief of Anthony Mohamed Kaikai; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

40. The SPEAKER presented a petition of Mrs. Helen Stagnaro, Stockton, Calif., and others, relative to vehicle taxes based on power; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2166

By Mr. CHARLES WILSON of Texas (amendment to the amendment offered by Mr. GREEN):

Strike out sections 101 and 102 in the text of the amendment offered by Mr. GREEN to H.R. 2166 and insert in lieu thereof the following new section:

SEC. 101. REPEAL OF PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS.

(a) IN GENERAL.—Part I of subchapter I of chapter 1 (relating to deductions with respect to natural resources) is amended by adding at the end thereof the following new section:

"SEC. 613A. DENIAL OF PERCENTAGE DEPLETION IN CASE OF OIL OR GAS WELL.

"(a) GENERAL RULE.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without reference to section 613.

"(b) SPECIAL RULE FOR CERTAIN GAS WELLS.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) NATURAL GAS SOLD UNDER A FIXED CONTRACT.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times after before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this section by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) NATURAL GAS.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) REGULATED NATURAL GAS.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Power Commission, the price of which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convicing evidence.

"(c) 3,000 BARREL-A-DAY CRUDE OIL EXEMPTION; 18,000,000 CUBIC FOOT NATURAL GAS EXEMPTION.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the taxpayer's average daily production of domestic crude oil as does not exceed 3,000 barrels, and

"(B) so much of the taxpayer's average daily production of domestic natural gas (other than natural gas with respect to which subsection (b) applies) as does not exceed 18,000,000 cubic feet.

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1), the taxpayer's average daily production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, shall be determined by dividing his aggregate production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies) during the taxable year by the number of days in such taxable year.

"(3) EXEMPTIONS TO BE DETERMINED ON A PROPORTIONATE BASIS.—

"(A) DOMESTIC CRUDE OIL.—If the taxpayer's average daily production of domestic crude oil exceeds 3,000 barrels, the barrels to which paragraph (1) applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the taxpayer for such year from such property as 3,000 barrels bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the taxpayer for such year.

"(B) DOMESTIC NATURAL GAS.—If the taxpayer's average daily production of domestic natural gas exceeds 18,000,000 cubic feet, the production to which paragraph (1) applies shall be determined by taking from the production of each property a number of cubic feet of natural gas (not including natural gas to which subsection (b) applies) which bears the same proportion to the total production of the taxpayer for such year from such property as 18,000,000 cubic feet bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the taxpayer for such year.

"(4) BUSINESSES UNDER COMMON CONTROL; MEMBERS OF THE SAME FAMILY.—

"(A) COMPONENT MEMBERS OF CONTROLLED GROUP TREATED AS ONE TAXPAYER.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) AGGREGATION OF BUSINESS ENTITIES UNDER COMMON CONTROL.—

"(i) If 50 percent or more of the beneficial interest in two or more corporations, partnerships, trusts, estates, or other entities is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the exemptions provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, during the period in question by such entities.

"(ii) If more than 50 percent in value of the outstanding stock of a corporation (taking into account only stockholders who own at least 5 percent in value of the outstanding stock), or more than 50 percent of the beneficial interest in an estate or trust (taking into account only persons who own at least 5 percent of such beneficial interest), is owned by persons who own domestic oil-producing or domestic gas-producing properties, then under regulations prescribed by the Secretary or his delegate, such corporation, estate, or trust shall be entitled to the exemptions provided by this subsection only to the extent that one or more of the shareholders, or owners of beneficial interests, as the case may be, elects to have all or a portion of its exemption allocated to such corporation, estate, or trust; except that the total exemption of the corporation, estate, or trust resulting from such allocation shall not exceed 3,000 barrels of oil, or 18,000,000 cubic feet of natural gas, with respect to its average daily production.

"(C) ALLOCATION AMONG MEMBERS OF THE SAME FAMILY.—In the case of individuals who are members of the same family, the exemptions provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil during the period in question by such individuals.

"(D) DEFINITION AND SPECIAL RULES.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563(b)(2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(iii) the family of an individual includes only his spouse and minor children.

"(5) SALE OR ACQUISITION OF OIL OR GAS DEPLETION PROPERTY.—

"(A) TRANSFEROR.—If oil or gas depletion property is sold or otherwise disposed of by the taxpayer in any taxable year ending after December 31, 1974, the amount of the appropriate limit referred to in paragraph (1) shall be reduced, for taxable years following such year—

"(i) unless clause (ii) applies, by an amount which bears the same ratio to such limit as the taxpayer's average daily production from such property for such year bears to the taxpayer's average daily production from all producing properties for such year, or

"(ii) by an amount (not greater than the taxpayer's average daily production from such property for such year) which the taxpayer may designate in such manner as the Secretary or his delegate shall by regulations prescribe.

"(B) ACQUISITION BY TRANSFEROR OF OTHER PROPERTY.—The reduction provided by subparagraph (A) shall be decreased (but not below zero) by the sum of—

"(i) the taxpayer's average daily production from producing property (other than property to which subparagraph (A) applied and property acquired from a taxpayer described in subparagraph (D)) acquired by the taxpayer after the sale or other disposition of property to which subparagraph (A) applied, and

"(ii) the amount of the reduction under subparagraph (A) with respect to any oil or gas depletion property acquired by the taxpayer after a sale or other disposition of other property to which subparagraph (A) applied.

"(C) TRANSFEREE.—In the case of any taxpaper who acquires any oil or gas depletion property, no part of the production from such property may be taken into account by the taxpayer under this subsection for the taxable year in which such property is acquired, and in any succeeding taxable year the amount of such production taken into account may not exceed the amount of the reduction which occurred with respect to such property under subparagraph (A).

"(D) RELATED PARTIES.—This paragraph shall not apply in the case of the sale or

other disposition of any property between persons with respect to whom the rules of subparagraph (A), (B), or (C) of paragraph (4) apply immediately following such sale or other disposition.

"(E) TRANSFERS OF INTERESTS IN BUSINESSES UNDER COMMON CONTROL.—If there is any sale or other disposition of an interest in a business described in subparagraph (A) or (B) of paragraph (4), then (under regulations prescribed by the Secretary or his delegate) such sale or other disposition shall not result in an increase in the aggregate exemptions allowed under this subsection with respect to oil or gas depletion properties held on the date of such transfer by such business the interest in which is transferred or by the transferor of such interest.

"(F) OIL OR GAS DEPLETION PROPERTY DEFINED.—For purposes of this paragraph, the term 'oil or gas depletion property' means any property interest (including an interest in a partnership, trust, or estate) with respect to the income from which a deduction for depletion is allowable under section 613 for domestic crude oil or domestic natural gas but only if the underlying mineral property is capable of producing oil or gas in commercial quantities on the date of transfer of such property.

"(d) LIMITATION BASED ON QUALIFIED INVESTMENT.—

"(1) GENERAL RULE.—So much of the deduction allowed for depletion as is computed by reference to section 613 by reason of subsection (c) shall not exceed for any taxable year an amount equal to the sum of the taxpayer's qualified investment and qualified investment carryback for the taxable year.

"(2) QUALIFIED INVESTMENT.—For purposes of paragraph (1), any person's qualified investment for any taxable year is the amount paid or incurred by such person during such taxable year (with respect to areas within the United States or a possession of the United States) for—

"(A) intangible drilling and development costs;

"(B) the following items if paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas within the United States or a possession of the United States:

"(i) aerial photography;

"(ii) geological mapping;

"(iii) airborne magnetometer surveys;

"(iv) gravity meter surveys;

"(v) seismograph surveys; or

"(vi) similar geological and geophysical methods;

"(C) the construction, reconstruction, erection, or acquisition of the following items but only if the original use of such items begins with such person:

"(i) depreciable assets used for the exploration for or the development or production of oil or gas (including development or production from oil shale); converting oil shale, coal, or liquid hydrocarbons into oil or gas; or refining oil or gas (but not beyond the primary product stage);

"(ii) pipelines for gathering or transmitting oil or gas, and facilities (such as pumping stations) directly related to the use of such pipelines,

"(D) secondary or tertiary recovery of oil or gas, or

"(E) the acquisition of oil and gas leases (other than off-shore oil and gas leases), but the aggregate amount which may be taken into account under this subparagraph for any taxable period shall not exceed one-third of the aggregate of the amounts which may be taken into account by the taxpaper under subparagraphs (A), (B), (C), and (D) for such period,

plus the following amounts—

"(F) 100 percent of any amount taken into account under subparagraphs (A) and (B) if such amount was not claimed as a deduction for the taxable year or if such amount was deducted without any tax benefit for the taxable year or any prior taxable year, and

"(G) 100 percent of the aggregate amount taken into account under subparagraph (C).

"(3) Qualified investment carryback.—For purposes of paragraph (1), a person's qualified investment carryback shall be the amount, if any, by which the amount of the person's qualified investment for a taxable year exceeds so much of the deduction allowed for depletion as is computed under section 613 by reason of subsection (c) (determined without regard to this subsection) shall be a qualified investment carryback for the preceding taxable year.

"(e) PRODUCER MUST BE INDEPENDENT.—

"(1) RETAILERS EXCLUDED.—Subsection (c) shall not apply in the case of any taxpayer who directly, or through a related person, sells oil or natural gas, or any product derived from oil or natural gas—

"(A) through any retail outlet operated by the taxpayer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the taxpayer or a related person to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product derived from oil or natural gas, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(2) REFINERS EXCLUDED.—Subsection (c) shall not apply in the case of any taxpayer where such taxpayer or a related person engages in the refining of oil or natural gas.

"(3) RELATED PERSON.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

"(f) DEFINITIONS.—For purposes of this section—

"(1) CRUDE OIL.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) NATURAL GAS.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(3) DOMESTIC.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) BARREL.—The term 'barrel' means 42 United States gallons."

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 613(b)(1) (relating to 22-percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas, to the extent allowable under section 613A;".

(2) The last sentence of paragraph (7) of section 613(b) (relating to 14-percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or ", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells."

(c) Clerical Amendment.—The table of sections for part I of subchapter I of chapter 1 is amended by inserting after the item relating to section 613 the following new item:

"Sec. 613A. Denial of percentage depletion for oil and gas wells."

EXTENSIONS OF REMARKS

MINUTE OF CONCERN

HON. BOB CARR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. CARR. Mr. Speaker, while there is justified national concern over the direction of our energy consumption, and whether we will be able to maintain our current standard of living as an energy-consuming Nation, there is also concern among many of my constituents as to our direction in pursuit of oil.

The East Lansing Friends Society has put its concerns in the form of a statement which I request be inserted in the RECORD at this point:

MINUTE OF CONCERN

The East Lansing, Michigan, Meeting of the Religious Society of Friends is deeply concerned by the threats of military action against oil producing nations to guarantee a large and dependable supply of low priced petroleum for the American economy. We are especially concerned by the recent statement of Secretary of State Henry Kissinger, given to Business Week magazine on December 23, 1974, with the concurrence of the President, that military action would be considered "where there's some actual strangulation of the industrialized world," presumably through reduced oil shipments.

We strongly protest diplomacy using threats of war. In our judgment such threats are unwise and unwarranted, especially for the sake of unlimited oil supplies. We believe such threats are unwise for several reasons. First, these threats from a rich and powerful nation challenge the integrity and the dignity of fellow members of the human community, who are and remain our brothers and sisters, and part of God's creation, no matter how much we may disagree with specific policies they may adopt. Second, they add immeasurably to the level of tension in the Middle East, already one of the most explosive political settings on the earth. Third, these threats alarm other nations, both allies and neutrals, who fear that they may be drawn against their will into disruptive and deadly war. Finally, and most important, war is never as simple and tidy a course of action as its proponents anticipate. The costs, both direct and indirect, of a Middle East war involving one or more major powers are likely to far exceed, in human and financial terms, the possible rewards of such a course of action.

The United States is still in the process of healing the terrible wounds of the Vietnam war, which drained us of blood, material

resources, unity, and left us with severe inflation and unemployment. The consequences of another war may well be exhaustion and isolation rather than economic renewal and increased trade.

We also believe such threats are unwarranted. First and foremost, the rise in petroleum prices and the oil embargo have rather forcefully pointed out that the United States and the western industrial world are sooner or later going to have to live more simply and with less oil. Petroleum is only one of the nonrenewable resources whose supplies in the long run are going to diminish. Calls for cheap and unlimited oil supplies can only postpone the day of reckoning for economies wedded to lavish use of petroleum.

We believe that we should set our own energy house in order rather than aggressively laying claims to resources over which we have no intrinsic rights. The United States has been extremely slow to implement a variety of energy conservation measures ranging from energy efficient transportation to building insulation. The United States has the world's greatest coal reserves, which preclude the possibility of sustained economic strangulation, provided that significant initiative and leadership are taken in facilitating wise and efficient use of these resources. Other sources of energy, such as solar and wind power, await only a meaningful commitment and effective demand for development. We believe the U.S. should mobilize its resources for both flexibility and efficiency in energy utilization, rather than for a selfish war of energy acquisition.

Second, it appears to us that we have not exhausted all possibilities of peaceful cooperation with oil producing nations. A variety of avenues of negotiation exist, and we believe that the immense diplomatic resources of the United States should be devoted to humane and peaceful persuasion, not to threats of war.

We call upon the President and Secretary of State to lead the United States in policies of peace and self-restraint with the oil producing nations. We do not believe that the hardship caused by limited oil supplies can justify a war whose one sure result is more bloodshed and hate in a world yearning for justice and love.

BETHEL PARK CHAPTER, DECA, AN EXAMPLE OF YOUNG AMERICANS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. GAYDOS. Mr. Speaker, all of us, I know, are familiar with the Distributive Education Club of America, an organization dedicated to helping young Americans pursue a career in the field of marketing and distribution.

Working through schools and in cooperation with the local business community, DECA seeks to fill the needs of young people who want to contribute to and become a part of our society. I am pleased to report that in Bethel Park High School in the 20th Congressional District of Pennsylvania, DECA has succeeded admirably. Its acceptance by local employers, who willingly participate in the program, is proof of its popularity and worth.

Each year, the members of the Bethel Park Chapter of DECA, which now is 10 years old, sponsors a banquet for those who work with the students as a gesture of thanks for their interest and efforts. This year's event, which included a demonstration of magic by Ralph Smaltz, a DECA student, and an address by Mr. Leonard C. Staisey, chairman of the Allegheny County Board of Commissioners, was highlighted by the presentation of awards to local employers, the Bethel Park School Board and two DECA members for outstanding achievement.

Miss Patty Peterson, president of the Bethel Chapter of DECA, lauded local businessmen for providing students with more than just on-the-job training and experience. "Your understanding, consideration and concern," she told them, "make you more than just employers."

Mr. Harold Meeks, who accepted the award on behalf of the school board, pinpointed the reasons for DECA's success. He said:

> It is due to intelligent, industrious young people, who at an early age demonstrate the desire to be productive; it is due to dedicated teachers and a group of cooperative and understanding employers, without whom the program could not operate.

And, Dr. Eugene Spence, superintendent of Bethel Park Schools, summed up the feelings of local educators and administrators:

> We are grateful to the employees for what they do for our young people; we are even more grateful to our young people for what they do for us.

The recipients of the two "Outstanding Student Awards" were Miss Peterson and Mr. David Dickson. The presentation was made by Mr. Gary Clingan, a past president of the Bethel Chapter of DECA, in recognition of leadership and dedication to the program.

Mr. Speaker, I am extremely proud to represent young Americans such as the members of the Bethel Chapter of DECA. I would like to enter the names of the officers into the RECORD, along with those of the school coordinators and businesses who work so closely with these fine young people.

Bethel DECA Club officers: Patty Peterson, president; Marie Guerra, vice president; Jean LaBoon, vice president; Dana Volcheck, recording secretary; Laurie Latsko, corresponding secretary; Carolyn LaBoon, treasurer; Brenda Mercer, reporter; Dave Dickson, parliamentarian; Karen Norwood, historian; Sheila McClelland, chaplain, and Barbara Lawrence, artist.

Coordinators: Mr. Andrew A. Fiorentini and Mr. Ronald Kachuriak. Participating businesses: Autenreith's, Bethel Bakery, Cheese Board, Giant Eagle, Gimbel's, Hughes & Hatcher, Joseph Horne Co., Kaufmann's, Kinney's, Lerner Shop, Miller's Hardware, Orleans Leather Shop, Park Shirt Laundry, Plaza Furniture, Princess Ann Bakery, Sears, Roebuck & Co., Seymour's, Sheraton Motor Inn, and Thorofare Market.

VOICE OF DEMOCRACY

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. GOODLING. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its Ladies Auxiliary conducts a Voice of Democracy Contest in which young Americans write a theme on "My Responsibility as a Citizen."

I am pleased that Julie E. Gibble, of York, Pa., has been selected to represent the State of Pennsylvania in the final judging to be held here in Washington during March. I would like to share Miss Gibble's thoughts on her responsibilities of citizenship with you—I think that she has presented her feelings in an original and inspiring manner:

VOICE OF DEMOCRACY

What is my relationship, as an American citizen, to my government? I feel that the following analogy is very appropriate to answer this question.

A cuckoo clock hangs, ticking rhythmically, on the living room wall. There is a tiny label on the bottom that reads "Hand Carved in the Black Forest". This clock, of beautiful polished wood, has been in my family for generations. Each person that owned it gave it a place of honor on the wall in his living room and wound it every night to keep it running.

An electric clock would be more practical, in that it wouldn't need winding. Dusting its smooth surface would be easier than polishing tiny carved spaces, but somehow, visualizing that woodworker putting love and hard work into the clock makes me feel responsible to wind it regularly and to dust it carefully. Besides, thinking of my ancestors that took such pains to take care of the clock, makes me feel responsible not to let it stop.

Imagine all the thought, planning, time, and delicate work involved in carving each tiny leaf and balancing each fine spring. And I especially love the little bird that pops out regularly to tell me what time it is.

A few times something happened that the clock wouldn't tick and the small bird wouldn't come out. But with a little attention and careful examination the ticking would resume and the cuckoo would again sound on every hour.

I live in a country that was hand crafted. The entire governmental system here came into being with the hard work of men. A lot of hope and planning went into leaving a home country to start over in a completely new place.

Our government was with our families for many years. Ever since I can remember, few people have ever had reason to be ashamed to say that they live here. Our ancestors showed their respect openly, like hanging a cuckoo clock on the living room wall. The people of this nation have celebrated on national days, paid taxes to the country, developed the country, and even died for our country.

Maybe someday a new form of government, more efficient than this one, will come into being. But we will still display our way, always remembering the careful handcrafting involved in it.

But, like a cuckoo clock, sometimes a spring in our government unwinds, and no voice is heard on the hour. As keeper of the clock, I carefully examine the whole clock. With patience, knowhow, and a little time to mend, the government will return to its former order.

What can I do? I'm not one lucky enough or skilled enough to build a clock or build a nation, so how can I feel a part of our government?

A clock has many parts. It needs springs, wheels, nuts, bolts, and pins. I can be an individual, my own person, and still be an integral part of my nation. I add my views by writing my Senators and Representatives or by running for an office myself. Like each different part of a clock, each person here can have his own role in the running of his

nation. No matter how small the part I may play, my help is crucial to the total clock.

The upkeep of a government, like that of a clock, must not be neglected. It must regularly be wound, by our voting, to keep it running. It must regularly be dusted, also, and all particles of dirt wiped out for good working order.

All the thought and planning behind each law and every branch of our ruling power is amazing. Like a well built clock, our government has survived for many years. It can still be trusted to keep accurate time. With my love and careful attention and yours also, it can last for many more years.

Help the United States by being a good keeper of the clock. It would be a shame to see such a precious heirloom run down.

WILLIAM JENNINGS BRYAN DORN VETERANS' HOSPITAL

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. DERRICK. Mr. Speaker, today I have had the pleasure of introducing a bill along with the other Democratic Members of the South Carolina delegation, to name the veterans' hospital in Columbia, S.C., the William Jennings Bryan Dorn Veterans' Hospital.

Congressman Dorn served for 26 years as the Representative of South Carolina's Third Congressional District. During his years of faithful service to the people of South Carolina, he was a staunch defender and proponent of the rights of the American veteran.

Bryan Dorn was for many years the vice chairman of the House Veterans' Committee and served as chairman of the committee during the 93d Congress.

Congressman Dorn was a coauthor of the cold war GI bill of rights and author of the Veterans Pension and Re-adjustment Act. These are but two of his numerous achievements on behalf of the Nation's veterans. In the performance of his duties, Bryan Dorn never failed to exhibit the qualities of fairness, reason, and honesty. He was a frank and forthright legislator who devoted himself to the needs and welfare of those American men and women who served in our Nation's armed services.

America's veterans, many of whom have sacrificed at great inconvenience and personal loss to themselves and their families, truly had a great friend in William Jennings Bryan Dorn.

I can think of no other individual more worthy of this honor. I would also like to note that the disabled veterans of South Carolina urge this Congress to name the Columbia hospital in honor of him.

Bryan Dorn has gained the respect and admiration of the people of the Third Congressional District and the Nation.

On behalf of myself and the other Democratic Members of the House from South Carolina, I urge the passage of this bill. It is but a small token compared to the years of honorable service and dedication to the American veteran by a distinguished public servant.

CONSUMER FEDERATION OF AMERICA

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. ASPIN. Mr. Speaker, Congress is now in the process of formulating a viable alternative energy and economic plan for the Nation. Included in this should be input from the States, local governments, the American people, and from all phases of the economic community.

In view of this, I wish to share with my colleagues, the excellent ideas and concrete proposals of the Honorable Patrick J. Lucey, Governor of the State of Wisconsin. Governor Lucey's remarks were delivered to the Consumer Federation of America on January 30, 1975, and I feel they are significantly timely in view of the work currently being conducted by the Congress.

Governor Lucey is also the recognized leader of the movement to unite farmers and consumers, both of whom are the victims of large corporate and Government interests.

Governor Lucey's remarks follow:

SPEECH BY GOV. PATRICK J. LUCEY TO CONSUMER FEDERATION OF AMERICA

It is a pleasure to be here today and offer what I hope are some appropriate remarks to help set the tone of this important farmer-consumer conference.

I have always been puzzled when I hear people say that the farmers and the consumer are natural enemies. It has always seemed to me that in fact both have suffered much greater harm from large corporate and government interests.

This was true one hundred years ago. It is regrettably true today as well.

As school-children, all of us learned about the greedy corporate giants and the ruthless way in which they exploited the people and the resources of our land in their unrestrained lust for profit.

Their actions were an injustice against God's earth and man's dignity.

For some, however, the penalty was especially harsh.

In those days of agricultural revolution, farm expenses remained abnormally high. Farmers were subjected to excessive rail freight rates—in return for poor service.

They paid high prices for machinery and other manufactured products and they suffered under high interest rates and realized minimal returns for their products.

But things were not well in urban America, either.

In urban America there was filth, injustice and poor health. A dreary sweat-shop existence was shared by men, women and young children.

But as the limits of tolerance were reached, resistance began to build. The Grangers, the Greenback Party, Populists, the Farmers Union and labor unions became rallying points for the frustrations and disgust of the oppressed.

Strength was found in numbers. And survival became the fruit of persistence.

Reform, sometimes promoted by a muckraking press, was felt in the public sector as well. The robber barons were brought to their knees. Or so we were told.

Have we really put to rest the robber barons and corrupt officials who existed on spoils, slush funds and government favors? Or do they continue to live—more respectably and less flamboyantly, perhaps—but continue to live in the board rooms of domestic cartels and the offices of our public buildings?

Two decades ago the president of General Motors made an oft-quoted statement about what's good for his firm and what's good for America. At the time, the comment caused quite a stir.

But in fact, our national policies are good for General Motors—and Standard Oil—and B. F. Goodrich—and General Foods. There is no doubt about it.

And what do we have to show for the decades of tax privilege and government protection that these corporate giants have received?

From the auto manufacturers, we got products that are unsafe inefficient, gas-guzzling, resource-consuming, air polluting and self-destructing (usually before they are paid for).

From the major oil concerns—land, resource and market manipulation.

And from the giants of the food processing industry, product for human consumption that have little or no nutritional value, and that may even be harmful to your health.

It adds up to a grim picture—a grim picture for farmers and consumers. And it would be impossible for any economist, sociologist or philosopher to persuade me that the latitude we give those with the ability to abuse the public interest—is in the public interest.

But yet, we have those who argue that position, and argue it with vigor as our elected and appointed public servants.

Many of them are right here in this city, or at least visit it frequently.

One is the Secretary of Agriculture. A secretary who came to Washington as a corporate food consultant.

Another was one of the secretary's former employees—who left his job, and this city, to help engineer a grain deal with the Soviet Union—a deal that brought a lot of money to the corporate giant he worked for, and took a lot of money from the American farmer and consumer.

Another was the right hand man to our nation's former energy czar—a post he undoubtedly felt very comfortable in due to his ties with Phillips Petroleum.

Another almost became the czar himself—until it was discovered he had a personal interest in oil and oil shippers (a point amply emphasized by the consumer federation, I might add).

Another FEO adviser is commonly called "Mr. Oil Shale." On one hand he promotes synthetic fuels for his big energy contractors. On the other he consults with FEO, advising how the federal government might promote—or subsidize—synthetic fuel development. (By the way, "Mr. Shale" got his training at taxpayer expense, as supervisor of the U.S. Bureau of Mines oil shale experiments in Colorado.)

And finally there are the 37 top-level Food and Drug Administration officials who according to a Congressional Committee, left their jobs and promptly joined or served as consultants to companies they had been regulating.

These examples give us a glimpse of the pattern of power in Washington. And in the present energy, economic and agricultural crises, it is not a good picture at all.

Our nation and the world are in the throes of international, political, and natural resource turmoil. It is a turmoil that touches every energy producing, energy consuming and third world nation. And it touches us, here, today.

After months of delay—supposedly for thoughtful deliberation—we have seen in the past two weeks a series of initiatives by the President. The national administration has proposed what it calls a "comprehensive energy plan." The Congress—finding itself

passed by the tortoise—is opening an eyelid and contemplating the race at last.

Without question the President has—commendably—recognized the need for energy action. But he has not recognized the need for equal energy sacrifices, nor profit discomfort for domestic oil producers.

Let's face facts. On January 15th, the President proposed a new energy partnership—a cartel, if you will—between domestic oil interests and the federal government. Quite simply, the proposals offered by the administration were the product of a philosophy that continues to hold: What is good for GM and Standard Oil is good for America. And whether consciously or not, the President sought the advice of the same types of people who sold us gas-guzzling cars with tail fins and chrome stripping—and brought us the Santa Barbara Oil Spill.

What the President failed to say, however, is that the new cartel is created at the expense of the American consumer and the American farmer.

We see it in Wisconsin.

Wisconsin's dairy agriculture is widely recognized. We also raise substantial quantities of field and cash crops, and have diversified livestock production. Ours is a typical agricultural state, and so our experiences and problems are similar to those in other Midwestern states.

And so it disturbs me to learn that Wisconsin farmers will suffer—and suffer greatly—under the President's proposed energy policies.

An average Wisconsin dairy farm—operated as a unit by a family—is about 186 acres, with 35 cows milked on a daily basis.

President Ford's oil tariff policies will mean an increase of $210 a year in gas and diesel fuel costs for that farmer.

The President's immediate and total deregulation of natural gas at the well-head will mean a $327 a year increase in fertilizer costs.

And the President's energy policies, as they affect utilities, will mean another $75 annually for electrical power needed for such things as milking machines, coolers and also unloaders.

Higher energy costs also will face farmers—as they do urban dwellers—in the use of their family auto, in the heating of their homes and in the consumer products that have petroleum components or bases.

The President's energy policies will be the final blow for some Wisconsin farmers. Our dairy agriculture is already depressed. Farmers last month were losing 16 cents on every gallon of milk they sold.

The smart managers will see that the skyrocketing production costs of last year—baler twine went up 275%—will be repeated this year. And they'll be making their management decisions based on that general pessimism.

Wisconsin farmers will be looking for corners to cut. And where will they cut them? Our experts say farmers will try to get by with reduced fertilizer applications. The result, of course, will be lower yields, our Agriculture Department says up to 15%.

Higher costs of operation and lower yields can only mean higher consumer prices. Yet surely it is clear that the American family farmer—and consumer—are both coming out on the short end of the stick.

But that will not be the case with the corporate producer—the vertically and horizontally integrated food and fiber conglomerates.

Without a doubt, those corporate farms, owned by firms like Tenneco, Gulf and Western, W. R. Grace, Del Monte, Getty Oil, Goodyear, Monsanto, Union Carbide and Dow Chemical will not hesitate one second in passing the increased costs along to the consumer.

If the potential impact on consumers of the increased energy costs at the farm level is substantial, the cost of energy needed to process, package and transport foodstuffs is even greater. And here there is no doubt—the cost will be passed on entirely to the consumer.

The food processing business helps make agriculture Wisconsin's number two industry. But the energy price Wisconsin must pay—in both quantity and cost—is substantial.

Vegetable processing requires significant amounts of electrical energy and natural gas for canning equipment, cleaning and cooking. Meat processing is also energy-intensive. Gas-fired boilers heat millions of gallons of water needed for sanitation and meat preparation. In dairy processing, the President's proposals may increase the cost of processing milk another 10 cents a gallon.

The President's investment tax credit is not going to help our farmers, either.

The tax credit proposal seems to be designed for the big grain producers of the plains. The smaller, family livestock and dairy operations will not share very much in the President's $4 billion tax credit, because of current economic conditions and the type of equipment needed for their operations.

But if the proposed energy policies will impose special hardships on the Wisconsin farmer, there are still additional burdens which both farmers and consumers will have to carry as a result of the President's special interest energy program.

By removing price controls from domestic oil, the President will strengthen the hands of large oil corporations in their effort to price the smaller, less-diversified retailers out of the market. These fiercely independent retailers have long suffered at the hands of the giants. In Wisconsin, we passed a law protecting the franchise rights of these business operators. But most of these small stations depend upon gasoline sales for their mainstay. And wholesale deregulation of domestic prices will give the majors power to enact selective pricing actions to undercut the independents and force them out of business. Then, of course, the majors will raise the price again—for farm and non-farm consumers alike.

By imposing the across-the-board tariff on oil, rather than concentrating on gasoline—which has the greatest potential for effective conservation—the President will be hurting those who are least able to cut energy consumption. Fuel oil and natural gas—both going up in price—are staples. Many people will be hard-pressed to cut their use and those with low and fixed incomes—especially in cold climates—will be hurt the most.

As we look at the courageous actions of some Western European leaders, it is a national humiliation for the United States to continue to guzzle fuel as if there were no tomorrow. Tomorrow has in fact arrived.

Clearly, it is Washington's responsibility to develop fuel policies that not only provide some immediate relief, but are designed to prevent our nation from slipping into relapses similar to the economic and energy problems we face today.

Clearly, it is in the interest of those gathered here today to join together as a "people's lobby" and to demand a national energy policy which protects the public interest and not the well-oiled special interests. Such an energy policy should include the following twelve points:

1. The federal government should impose—as an alternative to the President's tax plan—restrictions on importation of oil and a crude oil price equalization program that prevents supply and price manipulation. The quotas should be imposed gradually to minimize the impact on foreign policy, provide time for further development of domestic production, ease the inflationary impact and allow conservation policies to take hold.

2. Allocation floors should be established to equitably distribute the shortage among states. States that excel in fuel conservation should not be penalized but be allowed to carry allocation surpluses from month to month. But we should not penalize oil companies that anticipate and set aside fuel for demand changes.

3. Mandatory energy conservation policies should be imposed equitably and with force. For example, states that ignore—or blunt through minimal enforcement or penalties—the 55 mile per hour speed limit should suffer loss of highway funds or experience other penalties.

4. Mandatory efficiency standards for air conditioning units should be imposed.

5. National labeling standards of appliance efficiency should be required.

6. Financial incentives should be provided to non-OPEC members to encourage production from new oil sources outside OPEC.

7. Congress should reenact a strong strip-mining bill, similar or stronger than that vetoed by the President, so the full potential of coal can be developed with minimal environmental impact.

8. The government should launch immediate investigations into methods of allocating energy revenue to compensate for social and environmental costs associated with energy development and use.

9. We should end the oil depletion allowance and foreign tax royalty and severance taxes that simply make the oil companies tax collectors for the foreign oil cartel.

10. We should institute a nation-wide energy conservation education program for every man, woman and child. The program would teach that energy is a limited resource and that energy conservation is not only a patriotic opportunity but a necessity for survival.

11. Nation-wide mandatory conservation standards in all structures should be imposed, covering all new homes, businesses, industries and public buildings.

12. A national efficiency standard of at least 25 miles a gallon must be mandated for each domestically-produced car.

The requirement for automobile efficiency would only be part of an even broader energy-transportation program that is needed to break us of our gas-guzzling habits.

To date little has been done to redirect and rebuild our national transportation system. The federal government has shown minimal interest in promoting balanced transportation. Instead it has stood idly by while urban trolley lines, interurban lines, bus service and rail passenger routes have deteriorated into shambles.

Supposedly, the President's energy and economic policies propose the investment and reinvestment of federal revenue to promote new jobs. But the fatal flaw of the President's job program is in reinforcing the same wasteful auto-economics that took us down this dead-end road.

Any comprehensive energy policy developed here in Washington must address transportation efficiency and service. The federal government should be providing funding necessary to draw upon the skills of engineers, managers and production workers in Detroit and elsewhere and redirect those skills to areas of energy efficiency.

Immediate federally-supported retooling and retraining is needed for the production of:

1. Energy-efficient cars that get at least 25 miles to a gallon.

2. Thousands of new buses for urban transportation systems gasping for life and for intercity service that has fallen to a sad level of despair.

3. Modern rolling stock for our deteriorating rail freight and passenger lines.

The circumstances also are right for the Congress and the President to recognize the

inevitability of rail roadbed nationalization, consistent with the public ownership of highways, airports and port facilities. Start-up and accelerated service loans and investments are also needed to inaugurate new and improved public transportation systems in both urban and rural areas.

In addition, transportation rate restructuring that emphasizes efficiency and minimizes deadheading is a national necessity.

As we address these important transportation problems, we should remember that more than half of the petroleum consumed by this nation is consumed in transportation—and 80 percent of that on the highways. That recognition should be enough to sustain our determination—if only by fear.

I suppose what I find most discouraging about the mess we are in is that we are suffering from a disease called "leadership anemia."

Some years ago, John Kennedy wrote a book called "Profiles in Courage." It was about a group of elected officials who were prepared to suffer abuse and hardship to defend what they believed was in the public interest.

Today, I am convinced the American people are prepared to endure abuse and hardship—if it is applied fairly to the corporate giants as well as to the farm and non-farm consumers. It is the courage of our citizens which must be matched by those with the responsibility to provide leadership. And this, too, must be your task.

But not all that is happening at this time is cause for discouragement.

Some hope can be found in the fact that our President is an honest man and he has proposed what he believes is a forthright solution to our most pressing problems.

Some hope can be found in the fact that our Congress appears willing at last to move on the issues of energy and economy, although we will have to wait and see whether they are truly serious.

And some hope can be found in gatherings such as this where hope must spring eternal.

And though we are gathered in a place a great distance from the prairie townships chartered by the Grange—or the urban shops organized by AF of L . . . we are here with their purpose, and their resolve.

We are here to recognize and honor their commitment to unity—unity in times of distress—persistence in the face of peril.

In many respects, it is no different today.

The arena is larger and there are more performers. But the principles—the truths—remain.

They are truths that should bring man, woman and child to respect each other—the land—and the resources which we must conserve.

Truths that place a responsibility in leaders to lead—and in all to care.

Truths that tell us to join together today, as those before joined together yesterday.

Truths that tell us the opportunity for redirecting our nation—and the responsibility for saving it—is ours in this time.

It is up to us to act.

COMMUNITY RELATIONS SERVICE

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. WOLFF. Mr. Speaker, all of my colleagues share my concern over the need to ease racial tensions and violence in our Nation's cities. I wonder, though, how many of us are fully aware of the work done by the Justice Department's Community Relations Service in heading off potential trouble areas. I noted with interest former Attorney General Saxbe's recent speech calling for stronger support for the Community Relations Service, and I thought my colleagues would also be interested in some of his comments with regard to the future of CRS. I would like to include in the RECORD a part of the Washington Star-News article covering Mr. Saxbe's speech:

Former Atty. Gen. William B. Saxbe drew expressions of surprise from former colleagues in the Justice Department when he proposed, in a speech last night, a doubling of the budget for the Community Relations Service.

Other officials said they had not heard Saxbe even mention the service during his year at the Justice Department and that he had not proposed the budget increase while he was attorney general.

But in his speech—prepared at the department before his resignation became effective on Monday, when he was sworn in as ambassador to India and delivered before a meeting of school principals in Columbus, Ohio, last night—Saxbe cited the CRS as the model for the kind of program the federal and state governments should join in to head off racial violence in the nation's cities.

"I propose that the federal government join with state and local governments in a new nationwide program to prevent and reduce racial tensions and violence," he said.

"My concern stems not only from potential school problems. Violence has occurred in some areas when minority families moved into white neighborhoods. And there also has been trouble over alleged employment discrimination.

"As one integral step, I recommend that the Community Relations Service be rebuilt to its level prior to a sharp cutback in 1972—and then expanded substantially beyond that."

CLOUDED HORIZONS

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. ARCHER. Mr. Speaker, as the 94th Congress debates the Federal budget and our economic program with certain changes to come in our tax structure, we should be aware of any future consequences of our actions. Mr. William Randolph Hearst, Jr., editor-in-chief of the Hearst Newspapers, had an excellent commentary on this very topic. He reminds us of the problems with deficit spending by the Federal Government and cities the problems in Great Britain. He warns us against undertaking a policy of seeking merely to spread the wealth while ignoring policies which would create additional economic development. I would like to enter this column in the RECORD:

CLOUDED HORIZONS

(By William Randolph Hearst, Jr.)

LONDON.—This column will be somewhat shorter than usual as it is being written on the TWA plane taking me back to London.

I had to curtail my visit over here a couple of weeks ago and return to New York for personal and business reasons. So please consider this as chapter two of the same news-gathering trip.

Joe Kingsbury Smith, our chief foreign writer and my long-time traveling companion, is again joining up for a more comprehensive look-see into what is happening on this side of the Atlantic. Watch for our forthcoming reports.

Meanwhile, of course, the big news of the week was all the continuing economic woe promised for the United States by President Ford's federal budget for fiscal 1976. It was a major international story since the bleak picture he forecast means more of the same for most other democracies of the Free World.

Mr. Ford finally admitted that the U.S. is in what he called a serious recession—and in reality it may even be worse than that. Call it what you will, recession or depression, we certainly are bogged in the most critical economic mess since World War II, as are so many of our friends.

I am frankly baffled by some aspects of the proposed $349.4 billion budget, with its projected record peacetime deficit of $51.9 billion. Even the experts are unable to explain clearly why unemployment is expected to hover at about 8 per cent throughout next year in a time of inflation. And nothing could be more divided than the conflicting views on what to do about the energy shortage.

Reading all the varying contentions of the White House, the Democratic-controlled Congress and the supposed experts takes on a curious air of familiarity here in Great Britain. Something of the same sort of divisiveness has been going on in England for decades, with matters getting progressively worse all the time.

A specific parallel comes quickly to mind. I'm afraid that the U.S., like our closest ally, has been undermining its economic strength by forever expanding social welfare programs and pump-priming labor giveaways. Labor in both our countries is always right up front in demanding to share the fruits of industry—as it should—but it almost never volunteers to share in the losses.

Ralf Dahrendorf, director of the London School of Economics, states flatly that Britain declined to its present despairing condition largely because it placed its emphasis on spreading the wealth in the worldwide economic upsurge following World War II instead of encouraging more plant development.

"It concentrated on redistribution of wealth through nationalization, setting up of socialized medicine and other welfare benefits when the unparalleled chances of expansion in the postwar era arose," Dahrendorf declares.

"Then it sought expansion when the prevailing mood became one of redistribution and inflation."

One need only look at President Ford's proposed budget to see how far this nation of ours has gone in its own emphasis on taxing the producers to help the nonproductive.

The largest share of every dollar in the proposed new budget—39 cents—is earmarked for direct benefit payments to individuals.

Despite, this, the Democratic majorities in Congress seem hell-bent to enlarge rather than cut back such aid programs. Their leaders already are on record as determined to kill Mr. Ford's modest proposal to set a 5 per cent limit on Social Security increases and other programs geared to cost of living changes in fiscal 1976.

If all this sounds like I am worried about so-called "creeping socialism," there's a good reason. I AM worried about it. Other democracies in the past have fallen because economic conditions have led the people to vote away their freedom while under the delusion that an all-powerful government would protect and take care of them.

At the same time I don't want to appear as negative as what has been written here may suggest. My perennially optimistic nature convinces me that our present stagflation-energy crisis will be overcome eventually—just as other grim crises of our past always have been worked out.

In the long run, compromise and cooper-

ation will do the trick. Despite their deep political and ideological differences, the White House and Congress already show signs of seeking constructive mutual accommodation wherever at all possible.

HELP IN CLEARING UP THE ENVIRONMENT: THE POLLUTION CONTROL ACT OF 1975

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. HEINZ. Mr. Speaker, I am today introducing the Pollution Control Act of 1975. Evidence continues to mount of the pressing need to intensify our environmental cleanup drive. No one can deny any longer the critical danger to the public health posed by photochemical smog resulting from automobile pollution. But we are only now beginning to fully comprehend the deadly threat to people caused by industrial pollution, particularly sulfates, sulfur dioxides, and fine particulate matter. There is, therefore, no turning our backs on the Nation's commitment to a clean environment.

There also can be no denying the increasing difficulty American industry is experiencing in generating the huge capital funds necessary not only to fight pollution, but to build new job-creating capacity as well. In 1969, Congress enacted the present law allowing 5-year amortization of pollution control expenditures. It was adopted as encouragement for business and industry to make the expenditures necessary to meet strict pollution control regulations. Congress did so, not only because it recognized the urgent need to protect and enhance the environment and guard the public health, but also because Congress fully realized that these necessarily tough regulations would generate tremendous, new demands for investment capital.

The 5-year amortization period, therefore, was intended as a device to encourage environmental cleanup while easing the heavy financial drain caused by that cleanup. Unfortunately, however, that congressional intent is not being carried out.

At present, few if any businesses are claiming the 5-year pollution control amortization because in order to use that option, other more beneficial tax provisions—such as the 7-percent investment tax credit and accelerated depreciation range—must be set aside. Moreover, since the useful life of some pollution abatement facilities is rather short, and much uncertainty and delay is usually involved in certifying equipment for amortization, many corporations simply do not bother with special amortization. Rather they choose to depreciate these pollution control facilities on the same basis as other assets. The present law, therefore, pays mere lipservice to cleaning up the environment.

Mr. Speaker, my bill, the Pollution Control Act of 1975, would assure realization of the original intent of Congress when we enact the special amortization provisions for pollution control expenditures. In brief summary, the bill would:

First, provide for amortization of pollution control expenditures over 3 years rather than 5 years;

Second, allow these expenditures to be eligible for both the pollution control facility amortization provision and the 7-percent investment tax credit;

Third, permit amortization to begin when pollution control expenditures are made rather than awaiting the actual commencement of operations by the facility; and

Fourth, allow amortization of certified pollution treatment facilities used in connection with a plant or other property in operation before January 1, 1974—not January 1, 1969 as in present law.

Mr. Speaker, at a time of tight credit and rising prices, it is financially unrealistic and further inflationary to expect industry to make the needed but vast investments in pollution abatement equipment. If we want to protect people's health—and we must—we will have to change the present 4-year-old pollution control tax writeoff which actually penalizes those working to conform with the law. We can do this without weakening our environmental standards.

As the Ways and Means Committee considers various tax proposals, I sincerely hope that the committee will consider the Pollution Control Act of 1975 for inclusion in the legislation it reports.

DETERIORATING INTERNAL SECURITY

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. ASHBROOK. Mr. Speaker, little attention is being given to the security of our Nation. Intelligence agencies are being probed. A book has been published blowing the covers of many American agents outside of this country. The author of that book did some of his "research" in Cuba.

Here in the United States the Subversive Activities Control Board has been eliminated, the Internal Security Division of the Department of Justice has been eliminated, the House Committee on Internal Security has been eliminated.

The intelligence services of the Soviet Union and Communist China must be watching with glee while the effectiveness of American security agencies is reduced.

At this point I include in the RECORD the text of a column by Joseph Alsop which deserves attention. The text follows:

THE KGB'S "SAFE HOUSE"

(By Joseph Alsop)

Thus far only one fact of real importance has emerged from the rumpus about domestic surveillance by the CIA and FBI. This country, in fact, turns out to be shockingly vulnerable to the Soviet Union's ruthless, omnipresent KGB because of a shockingly incompetent and ill-advised counterintelligence system.

As an illustration, consider the truly bizarre ukase issued by the late J. Edgar Hoover toward the end of the 1960s. By order, the director of the FBI provided a gigantic, gloriously convenient "safe house" for the KGB's all too numerous agents and any other spies happening to be in Washington.

A "safe house," of course, is the intelligence community's label for a place where foreign agents can meet their local contacts in perfect security to make payoffs or to transmit orders or to pick up information. Just to add an extra touch of fantasy, the Hoover-provided safe house was no less than the second center of the U.S. government, the huge U.S. Capitol with all its grounds and dependencies.

Under the terms of the Hoover ukase, the Capitol complex was put strictly off-limits for all the FBI's counterintelligence men. Yet the FBI has a legal monopoly on all counterintelligence within the territorial limits of the United States. Hence Hoover's ukase meant that known Soviet spies, who were known to be about to make an American contact known to be dangerous, could still be sure of doing so with perfect impunity—provided they just named a rendezvous in the off-limits part of Capitol Hill.

All this seemed downright incredible to me when it was first reported by Ron Kessler of The Washington Post. My own check has fully sustained Kessler's story, however. There is only one significant point that remains in some doubt. It is no more than 95 per cent certain that the Hoover ukase remains in full force and that the Capitol, therefore, continues to be a KGB safe house. That 95 per cent certainty is too close for comfort, one must add.

Furthermore, I think I know why Hoover issued his ukase. For background, you must first understand that the KGB maintains an enormous number of spies in this country. As a measure, remember that we are priority No. 1, whereas Great Britain is no more than priority No. 4. Yet when the KGB grew over-bold in Britain, the Foreign Office had to expell 105 well-authenticated KGB men.

Second, you must understand that with such ample human resources, the KGB has long given a lot of its men part-time or full-time assignments on Capitol Hill. By the mid-1960s, there were somewhere between 20 and 30 KGB men dealing with the U.S. Congress or with the countless staff people the Congress and its committees employ.

This does *not* mean that KGB were constantly seeking senators and representatives. On the contrary, they were known to concentrate rather heavily on the lawmakers' personal staffs and also on the committee staffs.

But this is almost a distinction without a difference. Nowadays, in truth, domineering and able staff members largely control the thoughts and acts of all too many lawmakers, especially in the Senate. Great numbers of left of center staff members on the Senate side of the Capitol also constitute a quasi-independent power bloc. They all work together, all protect one another and often join to extend their bloc's power by planting friends and allies in new senatorial offices.

I myself belief that this unknown, unseen power bloc is an unhealthy new political growth. Yet I must hasten to add that it was *not* and is *not* necessarily improper for these people—or indeed for anyone else on Capitol Hill—to see the KGB men who have swarmed there for so long. The KGB men, of course, were all masquerading, and still are masquerading, as Tass correspondents, embassy secretaries, trade experts and so on.

Particularly on the left of the political spectrum, however, the FBI watch that J. Edgar Hoover staffed with his ukase showed an astonishing number of KGB contacts on Capitol Hill. It would have looked remarkably bad if anyone had made a public issue of them. Furthermore, President Johnson was tempted to do just that toward the end

of his second term; and President Nixon actively wished to do just that in 1969.

It was about then that the Hoover ukase was issued. I feel sure, therefore, the aim was to suspend the FBI's former careful watch on the Capitol in order to be protected from Congress if the White House went too far in its revelations.

So there you have it—a horrifying story which is pretty likely to be going on this minute. The story is horrifying, of course, because foreign espionage is a damnably serious business, even in a free society like ours.

It is so serious, in turn, becaue it is dangerous to have a government, a press, an academic world and the ranks of science all bristling with people like Kim Philbey; Guy Burgess and Donald MacLean. I hope and think this is not our situation; but this is certainly the situation the KGB has been going all out to produce ever since the United States became the unique giant power in our half of the world.

If you reflect upon this story, you find that its main lesson is the singularly unprofessional character of the FBI approach to counterintelligence—at any rate under the leadership of the aging J. Edgar Hoover. Nor is this at all surprising. To have truly professional counterintelligence you have to know the story from the beginning, which is in Moscow in the case of the KGB.

The CIA, of course, is supposed to know all about Moscow. But another appalling revelation of the current CIA–FBI rumpus is the bloody bitterness of the FBI–CIA feud. The two agencies never worked together until new liaison arrangements were made by new leaders a year ago. This kind of crippling non-cooperation can too easily recur, too.

Again, the rumpus has glaringly revealed the recurring dominance of domestic politics in the FBI counterintelligence work, at any rate in the Hoover era. It was politics that caused the former FBI director to create the KGB safe house. It was politics, too, that caused him to ignore President Johnson's order to have a look at the peace movement's foreign links, thereby spurring Johnson to call in the CIA.

In short, the foolish may credit the argument that the CIA–FBI rumpus has uncovered a grave threat to our civil liberties. But more sensible people will instead perceive an open invitation to the KGB.

ILLINOIS ASSEMBLY HONORS ROBERT JUCKETT

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. O'BRIEN. Mr. Speaker, the Illinois State Assembly was deeply saddened by the death of Representative Robert S. Juckett February 2, 1975. Bob and I served in the State assembly at the same time and worked closely together on legislation for the handicapped. He was one of our outstanding leaders and will be missed greatly by his family, friends, colleagues, and constituents. I would like to insert in the RECORD today the following resolution passed by the general assembly in Bob Juckett's honor.

HOUSE RESOLUTION

Whereas, our beloved colleague Representative Robert S. Juckett was called from our midst by his Lord and Creator on Sunday, February 2, 1975; and

Whereas, Bob had been struggling long and valiantly for over ten months in silence and courage against leukemia; and,

Whereas, Representative Juckett was a superb representative of the people, giving unstintingly of his time and boundless talents and energy for over eight years in this House; and,

Whereas, he was respected and loved by every member of this House, whose friendship he sought regardless of party; and,

Whereas, Representative Juckett was a true leader of great spirit and wisdom and humanity, who served his fellow man in a multitude of capacities during his forty-two years of life among us; and,

Whereas, millions of Illinois citizens depended upon him to fight for their needs in the General Assembly, where he championed such diverse causes as opportunities for handicapped people, election reform, improvement in services for mentally ill and retarded persons, right turn on red traffic provisions, special education for handicapped children, township government, public access to government meetings, flood control, state government reorganization; and

Whereas, Representative Juckett never lost sight of his belief that in voting on appropriations, he was spending the citizens money and not some impersonal "government" money; and,

Whereas, throughout his service among us, he held firm to his guiding principles and philosophy of government doing for people only that which they absolutely cannot do for themselves, of the protection of individual liberty being the only purpose for government, and of an individual's right to dispose of his own property according to his own desires; and,

Whereas, to his last day in this world Bob Juckett worked tirelessly for his constituents and for all who called on him for help, serving each as a personal ombudsman; and,

Whereas, even as he took his oath of office at Lutheran General Hospital in Park Ridge, Illinois, on January 8, 1975, he expressed his love of service in these characteristic words, "It's a great feeling, there's really no description that you can give, when you're called upon to serve your fellow man"; and,

Whereas, his friends and constituents in his home of Park Ridge, and in his fourth district of Skokie, Golf, Morton Grove, Niles, East Maine, Park Ridge, Des Plaines, Mount Prospect, Prospect Heights, and Arlington Heights, and all citizens of Illinois, will miss him sorely; and,

Whereas, the members of this House already feel the blow of his loss and will miss Bob Juckett for his forthrightness, his courage, his talent, his integrity, his wisdom, and his friendship; now, therefore, be it

Resolved, by the House of Representatives of the Seventy-ninth General Assembly of the State of Illinois, that we do express to his family and to the world our shock and grief at the untimely loss of State Representative Robert S. Juckett, that we do in his honor rededicate ourselves to the service and liberty of the People of the State of Illinois, and that we do express our admiration and appreciation of his service here among us; and, be it further

Resolved, that as a further mark of respect, this House do now adjourn.

PERSONAL STATEMENT

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. ARMSTRONG. Mr. Speaker, In checking the RECORD for February 20, I am dismayed to find that I am recorded as voting in favor of House Joint Resolution 210, the supplemental appropriation which included funds for the Penn Central Railroad.

It was not my intention to vote in favor of this appropriation for reasons outlined in my remarks on February 19 and in my views published with the committee report.

Apparently an error has occurred which has caused me to be so recorded.

ILLEGAL ALIENS

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. WOLFF. Mr. Speaker, our Nation is confronted with a serious problem posed by the large number of illegal aliens within our borders. The Subcommittee on Immigration of the Judiciary Committee today held hearings on a measure to counter this problem. At this time, I would like to insert into the RECORD a copy of testimony I submitted on this measure. My testimony indicates why I feel that a stronger measure is necessary:

STATEMENT BY CONGRESSMAN LESTER L. WOLFF ON LEGISLATION TO DEAL WITH THE PROBLEMS OF ILLEGAL ALIENS

Mr. Chairman, I submit this testimony firmly convinced that there is a great need for fast action by the Congress to counter the problem of illegal aliens but uncertain whether H.R. 982 is the best bill to accomplish this goal.

First permit me to briefly discuss the problem, particularly as it pertains to the New York Metropolitan area.

Immigration officials estimate that there are six to seven million illegal aliens in the United States and, according to the Commissioner of the Immigration and Naturalization, the figure could be as high as ten to twelve million. In the New York Metropolitan area alone there are estimated to be between one to one and a half million illegal aliens.

These illegals present us with several distinct problems. First, they hold jobs that are vitally needed by the increasing number of unemployed citizens. Former Attorney General Saxbe estimated that approximately one million jobs nationwide are held by illegal aliens. In the New York region, there are estimated to be 100,000 aliens holding "higher paying" jobs and the average salary of illegals apprehended last year was $150 per week.

Second, these aliens, and especially those that are unemployed, pose a distinct drain on civic services. An unknown number receive welfare and Medicaid benefits. Schools, hospitals and other public services are used with little difficulty.

In many cases, these aliens use these services without filing Federal, state or local tax returns. They use our services without paying for them. Last June, a Congressional committee estimated that $100 million in income tax revenue to the Federal government was lost because of illegal aliens.

In addition, there is a drain on our balance of payments. Many illegal aliens routinely send money to their relatives in their native lands, either for safe keeping or to assist their relatives. Congressman Rodino has estimated that more than $1 billion is "removed from our economy" yearly by illegal aliens.

This is the nature of our serious problem. Perhaps the best way for us to come to grips with this problem is to deal with the principal reason we have such a large number of illegal aliens. For the most part, these people

come to the U.S. lured by the promise of jobs. If we can make it more difficult for illegals to obtain jobs, we will reduce the incentive for them to enter our nation in the first place.

H.R. 982 deals with this by making it a Federal crime to knowingly hire an illegal alien. However, this measure has no real "teeth" in it as no penalties are set forth for the first offense. It is only after a second offense, if it occurs within two years of the first, that a penalty can be administered.

On the other hand, H.R. 257, legislation introduced by Congressman Mario Biaggi, would make it an immediate Federal offense for an employer to knowingly hire illegal aliens. The first offense would not be punished by a mere warning, but by a $500 fine or six months in jail. The second offense would be punishable by a $1,000 fine or one year in jail. This measure contains significantly more meaningful sanctions and, consequently, will act as a greater deterrent. It will be more effective in convincing employers not to hire illegals.

H.R. 257 has an additional benefit, not included in H.R. 982. It provides for an additional 2500 personnel for the Immigration and Naturalization Service.

One of the principal problems confronted by the Service is its attempt to prevent illegals from entering the country and apprehending and deporting those that are already here, is the lack of manpower and funds. As Henry E. Wagner, the investigations chief of the New York region said ". . . we don't have the money or manpower to carry out the law." Because of this money and manpower squeeze, the Immigration and Naturalization Service has had to revise its policies. It no longer pursues illegal aliens who have been apprehended but fail to appear for deportation hearings. Inquiries from the Social Security Administration are no longer handled with any priority, which means that illegals are easily issued Social Security cards, often used as proof of citizenship, and are eligible for benefits. As a result of these cutbacks, brought about by increasing work load and constant personnel, the number of illegal aliens seized in the Metropolitan area of New York has declined by 30 to 50%.

It is imperative for us to increase the Services staffing so that it can become a viable force in controlling the illegal alien problem. H.R. 982 does not do this. H.R. 257 does.

In conclusion, I urge the Committee to take meaningful action on the problem of illegal aliens. While H.R. 982 is an important step in the right direction, I feel that H.R. 257 would be a much more meaningful measure and I urge its adoption.

Thank you.

HOUSE INTERNAL SECURITY COMMITTEE SHOULD BE RESTORED

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. ASHBROOK. Mr. Speaker, the 1975 Conservative Political Action Conference was held February 13–16 in Washington, D.C. The conference, sponsored by the American Conservative Union and Young Americans for Freedom, was attended by hundreds of concerned citizens from across the Nation.

An important part of the conference was the adoption of resolutions. One of these related to the House Committee on Internal Security. Conference participants voted overwhelmingly that the House Committee on Internal Security should be restored as a standing committee of the House of Representatives.

I agree wholeheartedly with the sentiments of this resolution. Our Nation needs a strong anti-Communist and anti-subversive unit. I urge my colleagues to restore this important committee.

Following is the text of the resolution.

HOUSE COMMITTEE ON INTERNAL SECURITY

Whereas the House Committee on Internal Security has effectively investigated and exposed the activities of subversive revolutionary and terrorist groups such as the S.D.S., K.K.K., the Symbionese Liberation Army, and the Communist Party U.S.A.; and

Whereas recent international and domestic events amply demonstrate the continuing need for such a committee; and

Whereas the abolition of House Committee on Internal Security and the transfer of its jurisdiction to the House Judiciary Committee will almost certainly mean the end of its effectiveness as an anti-communist and anti-subversive unit;

Therefore be it resolved that the House Committee on Internal Security be restored as a standing committee of the House of Representatives.

CONGRESSMAN MO UDALL CALLS FOR PROTECTION OF COMPETITION IN AMERICAN ECONOMIC LIFE

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. KASTENMEIER. Mr. Speaker, our colleague, Mo UDALL of Arizona, recently addressed the American Bar Association Conference of Bar Presidents on the evils of economic concentration in American industry and the heavy cost caused to society and the free enterprise system by the absence of vigorous competition in the business community.

In his speech, Mo UDALL set forth a progressive program to cope with the dangers of economic concentration. He proposed the creation of a congressionally authorized commission to analyze the performances of a number of key American industries to determine whether Government should be taken to assure productivity, efficiency and competition. In addition, he called for other reforms, such as strengthening the enforcement of antitrust laws by the Justice Department and the FTC, the possible breaking up of food and energy conglomerates and the abolishment of the ICC.

Mr. Speaker, Mo UDALL has presented a significant plan to prevent a few behemoths of industry from dominating the economic life of our Nation. I commend to the attention of our colleagues his remarks to the Chicago conference of ABA Bar Presidents on February 21:

THE FUTURE OF ANTI-TRUST

(By Representative MORRIS K. UDALL)

Our economy is in deep trouble. We are in the worst recession since the '30's and things aren't going to get any better for a while. We are suffering from inflation and rising unemployment at the same time—a combination economists used to think impossible.

We face shortages of raw materials. We face really serious environmental problems. We face sagging productivity.

These difficulties are serious, but they are not fatal.

What can be fatal is our continued reluctance to face the issue squarely—to admit that the economy has fundamental problems and that it needs fundamental solutions.

Instead, what we are getting is blind flailing. Last year the President told us we were going to whip inflation and passed out WIN buttons. This year he proposes energy taxes so heavy and so broad that the price of absolutely everything will go up. Maybe he'll soften the blow by passing out LOSE buttons. I believe that our economy is basically strong. It can provide jobs and a decent standard of living to all Americans.

But it will do so only if we have the vision to look at the long-range problems, and the courage to undertake the necessary reforms.

We Americans pride ourselves on having a free enterprise system in which producers compete freely for the consumer's dollar. We believe that through vigorous competition this kind of system stimulates innovation and discovery, promotes efficiency and best distributes resources to serve consumer desires.

I agree with that philosophy. I believe in free enterprise. But I am afraid that there is a wide gap between the philosophy we preach and the business we practice, for the vigorous competition on which our system is based has disappeared from broad sectors of the economy.

We have 400,000 manufacturing firms in this country, but a mere 200 control two-thirds of all their assets. Industry after industry is dominated by a handful of giant companies. Whether the concentration takes the form of monopoly or oligopoly, the result is the same. Competition is stifled, and the foundations of the free enterprise system are undercut.

We all know the cost. We see it in lack of innovation, in inefficiency, and in higher prices. And we see it in the loss of markets to foreign competitors and in the inevitable government intervention and regulation.

Let's look at a few examples.

With four firms controlling nearly half the market, price competition has always been sluggish in the steel business. Each company knows that if it cuts prices the others will match it, and nothing will be gained, and that if it alone raises prices, it will lose its shirt. So in steel we have follow-the-leader pricing. Not a conspiracy—but the effect can be the same.

Moreover, lack of competition has led to sluggishness in the industry. The basic oxygen process—the most important technological breakthrough in this century—was perfected by an Austrian company in 1950. Why, then, did it take American companies a decade or more to make the switch? Hundreds of millions of dollars were wasted as a result. In fact, even though we have the biggest steel industry in the world, almost all the major advances in the business for the last two decades have come from abroad.

Take an industry of more immediate concern to the consumer: food.

Food prices have gone through the roof—up 35% in the last two years, but Secretary Butz tells us that the amount the farmer gets has barely changed.

The middlemen and the supermarket chains, which collect ⅔ of the American food dollar, tell us that higher costs are to blame. What about lack of competition?

In 1966 the National Commission on Food Marketing recognized the anti-competitive effects of excessive concentration in the food industry. Yet, today, three companies sell 82% of our cold breakfast cereal. Four sell 70% of our dairy products, and 80% of our

canned goods. And just one sells 90% of the soup in the country.

At the retail level, 2 to 4 chains sell the vast bulk of the food in almost every one of our metropolitan areas.

Last year Safeway's profits went up 51%; DelMonte, 43%; American Can, 52%; and Amstar—which dominates the sugar business—was up 250%.

We know that when companies don't compete on price, they tend to compete on other things—particularly advertising. Food processors and distributors spend over $4 billion a year on advertising—much of it on new products that no one wants.

The Federal Trade Commission has attempted to estimate the cost of concentration in this industry. In just 13 food lines the FTC estimates that overcharges amount to $2 billion per year. A yet-to-be-released staff study concludes that if the food oligopolies were broken up, prices would drop by 25%. Now *there's* a way to whip inflation.

Or, look at automobiles. In 1921 we had 88 firms in this industry. By 1935 there were 10 left, and you know where we are today: the big 3 make 97% of the cars manufactured in the United States. Even counting imports, they control 83% of the sales.

That doesn't just mean high prices—it means limited choice. It took the big 3 years to come up with the small cars—they might never have done so if it hadn't been for increasing competition from abroad.

To a certain extent they also control our future choices, for they control all research into alternative engines, auto safety, and emissions control.

The same big 3 that control the car industry also dominate the production of buses and trains. Last year, GM manufactured more than half our city buses, 90% of the bus engines, and 80% of our rail locomotives.

This kind of control has had disastrous effects on our transportation system. Since a bus or train can carry many more people than a car, GM had every incentive to push car sales and discourage mass transit.

Testimony to a Senate committee last year indicated that over the years GM bought and tore up electric railway systems in 56 cities throughout the country—including New York, Philadelphia, Baltimore, and Los Angeles. Some riders switched to GM buses—more bought GM cars.

The fact is that the big 3 shape America's ground transport system. And the system they have produced—roads clogged with millions of cars and trucks, pouring out pollution and consuming vast amounts of oil, while mass transit remains virtually nonexistent—that system simply won't do.

The Federal Government may have to reorganize the rail and bus equipment industries, building new plants and selling them to private investors if necessary, to increase capacity and promote competition.

The energy industry poses even bigger problems. A few huge corporations dominate the oil and natural gas businesses from the ground to the refinery, and for gasoline, of course, all the way to the pump. While the industry is not statistically very concentrated, it has hardly behaved in a competitive fashion. The oil majors are tied more subtly together through a complex network of overlapping directorates, joint ventures, and product exchange agreements.

We all know about the price rises in the last year. But did you know that in the ten months of 1973 before the Arab boycott and the cartel, the price of refined oil went up 40%?

The major oil companies control most of the supplies of crude oil. That has made it hard for independents to build badly needed new refineries. The main pipelines have been routed for the convenience of the majors, putting the independents at a competitive disadvantage.

The majors commonly engage in joint ventures in exploration and development, making competition with each other unlikely or impossible.

The Trade Commission has alleged in a current suit, that the majors manipulated the prices they charge at each stage of production to freeze out competitors.

The Federal Government is auctioning off vast areas of off-shore land for oil and gas exploration. Unfortunately, the way the system works, the winning bidders have to put out large amounts of cash—as much as $200 million—for each tract. And they must do so before they know whether they will find any oil. That is too risky and expensive for small companies. So the same big oil companies are buying up most of the oil lands of the future—making the industry even less competitive.

Moreover, the oil majors now have heavy holdings in alternative fuels—natural gas, coal, shale, and nuclear power. The oil majors are now in a position to limit future energy supplies and new energy technologies to maintain their profits.

From automobiles to cigarettes to chewing gum to soap, the story is repeated over and over again—concentration is now a prominent, perhaps a dominant, characteristic of our economy.

Concentration means high prices. That is a burden at any time. It is a burden we simply cannot afford at a time when spiralling inflation threatens both progress and prosperity. Concentration can also mean inefficiency, lack of innovation, and stagnation. That, too, is a burden we cannot afford. With raw materials getting scarcer and the environment getting dirtier, the free ride of the last century is over. But we can always afford the kind of growth that comes from efficiency—from the ability to produce more from less, and from the ability to innovate.

We must increase productivity if we are to meet the rising challenge of foreign competition, and if we are to restore economic growth.

Finally, concentration means power. It means too much control over our lives in the hands of corporate executives answerable to neither the public nor the marketplace.

Is concentration the cause? Is it the source of our economic maladies? Of inflation? Of slumping productivity?

In some industries, the answer is clearly yes. But in many cases we just don't know. Simple rules can often be powerful tools for understanding a complex situation, but often they will prove to be inadequate.

That there are two or three companies which share the bulk of the market and make substantial profits, does not necessarily give us the answer we need.

A commitment to a free enterprise system means a commitment to competition; and when there is competition, there are always some who lead the race, and some who win it. Indeed, the opportunity to lead is the incentive we count on to get competitors in the race, and, once in, to encourage them to compete hard, to take risks, to get in front and stay there.

We choose to play the game by not telling each competitor exactly how fast he can and must run, what his style should be or what course to follow. Our free enterprise view has been that each competitor does best and the public benefits the most if we act merely to prevent obstacles and hindrances to their forward motion.

We don't allow those in the lead to put up barriers behind them or to trip those who want to take the lead away. Each competitor must depend on moving forward himself—rather than on slowing down those behind him.

And we prohibit the front runners from agreeing to bunch together to prevent those behind from breaking through their lines. If the front few happen to come together on the track when all are moving forward at top speed, they are within the rules. But not if they do so deliberately.

The trouble, of course, is that it is very hard to tell whether the four steel companies or the three automobile or two bleach companies out in front are still racing, or whether they have all slowed down at the same time to block the others on the field.

But when you see prices and profits going up, and innovation going down, it's not hard to believe that they decided it was easier to coast along together than to compete alone.

And when you look out across the economy and see many races slowing down and the racers in front getting fat and sluggish, it's hard not to conclude that the rules don't work well enough any more.

Our racing rules have always been the anti-trust laws. Enforcement of these laws is the responsibility of both the Federal Trade Commission and the Justice Department.

Both have shown increasing vigor in the last two years, and I hope that trend continues. Their efforts will be aided by new legislation passed in the last session of Congress, which stiffens penalties for price fixing and expanded the Trade Commission's authority to protect consumers from unfair practices.

We must do more, however. These two agencies need a greatly enlarged staff if they are to adequately meet their responsibilities, and we must seek ways to keep politics out of anti-trust cases—to guarantee that there is no repetition of the ITT case.

Better enforcement will help, but it is not enough. We may have to rewrite the rules.

The Clayton Act prevents anti-competitive mergers regardless of intent. But when a giant grows more gigantic without merger, the only way to attack existing monopolies and prevent new ones is through section 2 of the Sherman Act. That statute makes it unlawful to try to monopolize an industry, but again the issue is usually intent—as inferred from behavior.

As trial lawyers, you can appreciate that analyzing the behavior of a huge corporation to prove its intent is a massive undertaking—often an impossible and generally an unrewarding one. Should intent really be the only touchstone for effecting structural change? I don't think so.

Six years ago the Government charged IBM with monopolizing the computer industry. In the discovery that followed, IBM produced 40 million documents. The anti-trust division of the Justice Department was making little headway with this mountain of paper until it obtained access to the retrieval and data bank system Control Data set up for a parallel civil suit. Control Data apparently spent three million dollars on that system. That compares with the anti-trust divisions' entire yearly budget of $15 million.

Obviously, the Government cannot police the whole economy this way.

We must recognize that the existing rules are not adequate for the task ahead. We all wish for easy formulas—a list of ten do's and don't—you turn the key and presto! economic propriety. That has not worked and I don't think adding a few more such rules will work either.

The answer, I believe, lies in approaching the problem industry-by-industry, determining what ails each critical sector, and prescribing the precise remedy that it requires.

This is not a difficult undertaking if the commitment is there. The number of really critical industries in our country is small—

ten, perhaps twenty at the very most, dominate our economic health. First we must look at how each economically crucial industry is performing, considering criteria of efficiency, innovation, price and profit. If it is performing well, then it is of no consequence whether there are two or two hundred competitors in the field.

For those which are not performing well, we analyze the peculiar factors which contribute to the problem and prescribe a set of remedies tailored to the specific conditions. These might take any of several forms: Government subsidies of a new competitor, changes in Government procurement practices, regulation, deconcentration, and many others.

This job can be performed by an *ad hoc* commission created by the Congress with a limited life-span and a clearly defined goal. Congress then must be prepared to consider and act on the commission's recommendations.

The procedure I have just outlined would be a giant step towards a healthy, competitive economy—but only a first step. There are several other major changes that would have to be made. Let me touch on some of them briefly.

We have got to ferret out and correct the myriad ways in which the tax code favors big companies over small ones.

The corporate income tax is riddled with concessions, exceptions, loopholes, and just plain give-aways. Except for the first $25,000 in earnings, corporations are supposed to pay a flat 48% tax. But in 1973, the average for the 143 biggest corporations for which data was available, was less than 24%.

There are many reasons: Export tax subsidies, foreign tax credits, and an investment tax credit based on the size of a company's earnings. Then of course there is the oil depletion allowance, which is based on the amount of oil produced, rather than the number of new holes drilled, and therefore helps the giant firms more than the small wildcatter who shoulders much more of the risk.

These sorts of tax provisions—as well as many others, including the estate tax and various excise taxes—are helping to push the whole economy towards bigness and away from competition.

Yet another source of trouble is the patent system. Originally designed to promote progress by encouraging inventors, today the system frequently allows big companies to get bigger by keeping inventions—often ones that are not properly patentable—out of the hands of their smaller competitors.

That is one of the ways that GE, AT&T and Xerox came to dominate their industries.

Part of the problem is in the Patent Office. The Office has a two and one half year backlog. Its staff is overworked and relies heavily on what applicants allege. Fully 70% of the litigated patents are eventually held invalid. But such challenges are time-consuming, costly, and risky, and few small companies can afford the cost.

The Patent Office should be given the resources it needs to streamline its procedures and improve its investigations. Applications that should be denied, should be denied quickly.

In addition, we should consider shortening the period of patent protection.

And we should look for ways to prevent patent holders from stifling competition by putting greater limits on restrictive licensing.

Anti-competitive policies pervade the Federal Government, but probably the worst culprit of all is the regulatory agency.

Government policies have protected concentration—not competition—in many of the regulated industries, often they have erected impenetrable barriers to any company which seeks to enter the field with better products or lower prices.

Transportation economists estimate that price fixing and waste allowed by the three regulatory agencies in this field—the CAB, the ICC, and the Maritime Commission—cost consumers between $8 and $16 billion a year.

From its creation, the CAB has restricted competition in the airline industry. It has not approved entry of a new trunk carrier since 1938.

Just last fall it rejected an application by Laker Airways, a private British carrier, to fly regularly scheduled New York to London flights for $125 each way—less than half of the present fare.

The CAB does not have jurisdiction over flights within a single State. As a result, there is vigorous competition, for example, on the Los Angeles to San Francisco route. That competition has driven the price down to $21.

The Washington to Boston flight is only a few miles longer, but is regulated by the CAB. Result?—The fare is $45—more than double.

That's the good news. Now, for the bad news—the ICC.

This agency divides up the country and allocates each area to just a few trucking firms. In other words, it creates oligopolies.

One ambitious firm—Gateway Transportation—is trying to compete on the route from Pittsburgh to Jacksonville, Florida. Because the ICC has awarded the direct route to someone else, Gateway's truck must make the trip via Cincinnati, Ohio—more than 200 miles out of the way.

The ICC, in fact, is so busy preventing competition in interstate trucking that it forces truckers to travel empty about 40% of the time. Somebody over there still hasn't gotten the message about the energy crisis.

We need to limit the authority of the regulatory agencies—to get them out of the business of regulating competition—whenever and wherever possible.

We should end the CAB's authority to set fares and restrict routes. I think you would be amazed at how the airlines could discover ways to reduce rates if they had to compete for their business.

As a matter of national policy, we may want to maintain service on low-traffic routes to small cities, and that may require some kind of subsidy, but the savings would far outweigh the cost.

As for the ICC, the time has come to abolish it. The Commission was established in 1880's to prevent price gouging by the monopolistic railroads, but the railroads lost their monopoly when the truck arrived on the scene, and the ICC lost its function. Since then, the ICC has stood firmly and steadfastly—in the *way* of competition.

I have taken you on just a quick tour of the field—but I hope I have been able to make my case. If we are to strengthen and preserve our free economy, we must act. We must take the power from the board room and return it to the market. We must replace concentration with competition to keep prices down, efficiency up, and economic power responsible.

The vitality of competition comes from the desire of business to grow and prosper. There is no villainy in that instinct—it is essential to a vigorous economy.

But when businesses get too successful or too big, they may begin to strangle competition.

Then Government must intervene. It must act as a referee, to limit and redirect growth when it threatens competition. This creative tension between business and government means litigation, which cannot displease you. But it also means an economy able to meet the challenges of the last quarter of the 20th century—an economy which truly serves its true masters—the American people.

THE CITY OF PICO RIVERA BENEFITS FROM REVENUE SHARING

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. DANIELSON. Mr. Speaker, I would like to take this time to share with my colleagues a letter from Councilman Frank Terrazas, of Pico Rivera, explaining the use which the city has made of revenue-sharing dollars, as provided under the Revenue Sharing Act of 1972.

With the general revenue sharing program scheduled to run through December 31, 1976, it becomes necessary for the 94th Congress to reconsider the program. Therefore, I am submitting for the RECORD the text of the letter from Councilman Terrazas explaining that in Pico Rivera 50 percent of the revenue sharing funds are used for law enforcement, and 50 percent used for plant facilities in their parks and recreational field. Continuation of the general revenue sharing program to allow the city of Pico Rivera to continue providing such services to its citizens.

During future consideration of the extension of the general revenue sharing program, I hope that the fine work the city of Pico Rivera has made of its revenue sharing funds will be brought to mind. Councilman Terrazas' letter reads as follows:

CITY OF PICO RIVERA,
Pico Rivera, Calif., December 26, 1974.

Hon. GEORGE E. DANIELSON,
Congressman, State of California,
Los Angeles, Calif.

GOOD MORNING CONGRESSMAN! I greatly appreciate your latest correspondence to me concerning the consideration by the Congress relative to the continuation of revenue sharing. I was not aware that the Congress in this session was debating the issue and to the extent of calling it to our attention at this time, is appreciated. Your interest as indicated in your correspondence prompts me to supply what Pico Rivera has accomplished and projected in terms of its revenue sharing distribution.

The City of Pico Rivera incorporated 17 years ago, does not have a property tax; therefore, our entire revenue picture is predicated on the economy of not only the country, but the metropolitan area in which the city is located. If the economy is such that currently is the case, the dollar is inflated and the citizens and businesses are in a recession as it relates to their economic growth. The efforts of municipal government must then reduce their services or find supplemental income from other sources.

Revenue sharing, through the distribution of Federal dollars provided through Federal Income Tax, has relieved the economic stress and strains of this municipality operating without a property tax. Initially, this Council in complying with the Federal Guidelines and the intent and purposes of the Revenue Sharing Act, desires to accomplish two goals: (1) To provide safer streets and a maintenance of public safety to its citizens; (2) to increase the social well-being of our citizens. To accomplish this, 50% of our annual revenue sharing dollars is devoted to law enforcement. Those dollars provide public relations officers within the police department and three teachers in law enforcement personnel. These instructors provide instruction in the elementary, secondary and high school level as well as ex-

tend the day for adults. Its purpose is to develop a better relationship of the understanding of the laws of the City, our society in this State, and the duties and responsibilities of law enforcement carrying out its responsibility.

Secondly, half of our revenue annual sharing dollars is devoted to plant facilities in our parks and recreational field. We have constructed bicycle trails, night lighting for boys' and girls' softball and baseball diamonds, playground equipment for tiny tots and adults. Our efforts here are to provide a social climate within the community that will permit, through the construction of these facilities, a wholesome vehicle where children and parents together can participate in a worthwhile and constructive recreational activity. The Council is committed to continue, through use of revenue sharing dollars, this policy.

I recognize that the Congress of the United States has a great burden and difficult decisions in terms of the economy on the one hand, and the stability of the government on the other. As a local official, I cannot help but believe that the stonewall of our governmental exercise is the strength, responsiveness and the effectiveness of local government. The continuation of revenue sharing in my judgment, would assist and be indicative of the Congress belief in this objective.

Very truly yours,

FRANK TERRAZAS,
Councilman.

JAMES M. STUART

HON. CHARLES W. WHALEN, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. WHALEN. Mr. Speaker, Dayton, Ohio, and the surrounding metropolitan area have been fortunate through the years to have many citizens who have translated their concerns for the community's welfare into activities which have resulted in great benefits to all area residents and, indeed, to all Americans. One of these remarkable gentlemen, James M. Stuart, recently retired from his civic life and from the business world. In recognition of the innumerable contributions Mr. Stuart made to the city's business, education, and civic endeavors, the Ohio House of Representatives last week adopted a resolution in his honor.

In inserting the text of that resolution here in the RECORD, I take the opportunity to join in the expressions of praise for this distinguished American, James M. Stuart:

A RESOLUTION—H.R. No. 66

To extend recognition to James M. Stuart upon the auspicious occasion of his retirement from active civic life and as a member of the Board of Directors of the Dayton Power and Light Company.

Whereas, The members of the House of Representatives of the 111th General Assembly wish to take this opportunity to give well-deserved recognition to James M. Stuart upon the auspicious occasion of his retirement as a member of the Board of Directors of the Dayton Power and Light Company and from active civic life, and wish to extend our sincere thanks for his long and effective service on behalf of the citizens of Ohio; and

Whereas, James M. Stuart has been a part of the DP&L family since his entrance into the business world. He is a personification of the "American Dream" that a hard-working and dedicated individual can indeed inaugurate a career at the lowest rung of the corporate ladder and reach the apex of the corporate world by utilizing his outstanding talents to the benefits of his fellow workers and community. James M. Stuart, as a corporate executive, never lost touch with the ordinary worker, the backbone of any business enterprise; he continued to be concerned for their welfare by utilizing his positions on their behalf; and

Whereas, James M. Stuart enthusiastically and effectively committed himself to many worthwhile civic causes, by serving as a Trustee of the Charles F. Kettering Foundation, as a Director of Junior Achievement of Dayton, as President of Dayton Boys' Club, and a variety of other noteworthy civic organizations. His devotion to the betterment of his community is renowned; as a community leader and business executive he has proceeded to implement both the spirit and the goals of equal opportunity for all, regardless of race, religion, color, or sex; and

Whereas, James M. Stuart has pledged himself to the concept of providing meaningful higher education by serving as a concerned member of the Board of Trustees respectively of Wilmington College and Wilberforce University, and as a member of the University of Dayton's Associate Board of Trustees. His dedication to the goals of higher education have earned him well-deserved recognition. He has been awarded the Honorary Degrees of Doctor of Humanities, Doctor of Laws, and Doctor of Commercial Science, which are a fitting recognition for a man who is a scholar in his own right; therefore be it

Resolved, That the members of the House of Representatives of the 111th General Assembly of Ohio, in adopting this Resolution, hereby commend James M. Stuart for his consistently high level of achievement and for his many worthwhile contributions to society; and in so doing, salute one of Ohio's finest citizens and corporate officials, wishing him Godspeed; and be it further

Resolved, That the Legislative Clerk of the House of Representatives transmit duly authenticated copies of this Resolution to James M. Stuart; to the Chairman of the Board of the Dayton Power and Light Company; to the Dayton Daily News; and to the Journal Herald, Dayton; and to the Kettering-Oakwood Times.

MEMBERS OF CONGRESS FOR PEACE THROUGH LAW

HON. BOB CARR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. CARR. Mr. Speaker, yesterday, in a letter to the Congress, President Ford reiterated his request for additional military and economic aid to Southeast Asia. He further stated that the Governments of South Vietnam and Cambodia would collapse should we fail to comply with his request. It is a theme we have heard all too often and have repeatedly acted upon at the expense of our citizens here at home.

With the signing of the Paris peace accord, the American people were led to believe that U.S. involvement in Indochina had finally come to an end—that we could now turn our attention to our elderly, the jobless and other disadvantaged citizens.

And now—2 years after—we are being asked to give $300 million more in aid to South Vietnam and $222 million more to the Government of Cambodia. We are being asked to give these governments 3 more years of U.S. commitment.

Mr. Speaker, I am tired of the shallow promise that the war will soon be over. On February 6, 85 Members of Congress, myself included, sent a letter to President Ford stating our strong belief that we cannot afford to waste our time on debate of this issue while the needs of our own people are once again neglected.

All 85 signators belong to Members of Congress for Peace Through Law—a 9-year-old bicameral and bipartisan group of legislators. I request that the letter be inserted in the RECORD at this point:

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We, the undesigned Members of Congress for Peace through Law, write to you on a matter of very great concern—the extent and direction of the continuing U.S. involvement in Indochina.

What particularly disturbs us is the clear implication in remarks made by the Secretary of State and the Vice President and by yourself in a recent news conference that this only partly resolved issue—one of the most divisive in the nation's history—is being reopened for debate. We had thought that the American military withdrawal, the Peace Agreements negotiated by the Administration and the clearly and repeatedly expressed Congressional mandate to gradually eliminate the American role in Indochina had settled the matter. Apparently, that is not the case.

We remain resolute in our conviction, supported by the legislation passed in the 93rd Congress, that continuing American military and economic involvement in Indochina will not bring that unhappy region closer to a lasting peace. While continuing high levels of American assistance may perhaps prolong the life of the incumbent South Vietnamese and Cambodian governments, we can see no humanitarian or national interest that justifies the cost of this assistance to our country. Although the phased withdrawal of American support will not in itself bring peace to the region, it is equally clear that its continuation will not do so either.

Another prolonged disagreement over events in Vietnam and our policy there may well lead to acrimonious accusations over who "lost" Indochina, reminiscent of the China debate over two decades ago. The result of that earlier experience was to freeze U.S. options in Asia for a quarter of a century. We must at all costs avoid a repetition of such a struggle which would set the Congress against the Executive.

It is especially unfortunate that the internal debate over Indochina should resume at a time when we are confronted by so many pressing domestic and international problems. These problems do not have easy solutions. They require an extraordinary degree of accord between our two branches of government and among the industrialized and developing nations.

This is not the time for another divisive debate that can only impede the development of the cooperation so necessary in dealing with the complex problems of global inflation, domestic recession, and growing shortages of necessary raw materials. Instead, we need to work together.

We believe the time is now at hand when our government must make a decision, too long postponed at a tragically high cost to both the people of Indochina and to our own citizens, as to how we will extricate ourselves

from the situation in Southeast Asia once and for all.

We write to ask you and your most senior advisers to accept this expression of our views in a spirit of conciliation. We should get on with the important work ahead of us. Innovative leadership both from you and the Congress will be needed more than ever.

Accordingly, we are prepared for a serious, unemotional dialogue on the immediate problem of ending our involvement in Indochina responsibly and honorably. We are not prepared for it to continue indefinitely.

Sincerely,

LIST OF SIGNATORIES—SENATE

Dick Clark (D-Iowa), James Abourezk (D-S.D.), Alan Cranston (D-Cal.), Philip A. Hart (D-Mich.), Floyd Haskell (D-Colo.), William D. Hathaway (D-Me).

Mark O. Hatfield (R-Ore), George S. McGovern (D-S.D.), Adlai E. Stevenson III (D-Ill.), John V. Tunney (D-Cal.), Harrison Williams, Jr. (D-N.J.), Hubert H. Humphrey (D-Minn.).

HOUSE OF REPRESENTATIVES

Bella A. Abzug (D-N.Y.), Joseph P. Addabbo (D-N.Y.), Thomas L. Ashley (D-Ohio), Les Aspin (D-Wis.), Herman Badillo (D-N.Y.), Jonathan B. Bingham (D-N.Y.), Michael T. Blouin (D-Iowa), Edward P. Boland (D-Mass.), John Brademas (D-Ind.), George Brown, Jr. (D-Cal.), Yvonne B. Burke (D-Cal.), John L. Burton (D-Cal.), M. Robert Carr (D-Mich.), Silvio O. Conte (R-Mass.).

John Conyers (D-Mich.), James C. Corman (D-Cal.), Ronald V. Dellums (D-Cal.), Charles Diggs (D-Mich.), Robert F. Drinan (D-Mass.), Don Edwards (D-Cal.), Joshua Eilberg (D-Penna.), William D. Ford (D-Mich.), Donald M. Fraser (D-Minn.), Bill Frenzel (R-Minn.), William J. Green (D-Penna.), Gilbert Gude (R-Md.), James M. Hanley (D-N.Y.), Thomas Harkin (D-Iowa), Michael Harrington (D-Mass.).

Elizabeth Holtzman (D-N.Y.), James J. Howard (D-N.J.), Andrew Jacobs, Jr. (D-Ind.), Barbara Jordan (D-Tex.), Robert Kastenmeier (D-Wis.), Martha Keys (D-Kan.), Edward I. Koch (D-N.Y.), Robert L. Leggett (D-Cal.), Torbert Macdonald (D-Mass.), Paul N. McCloskey, Jr. (R-Cal.), Mike McCormack (D-Wash.), Andrew Maguire (D-N.J.), Spark M. Matsunaga (D-Hawaii), Lloyd Meeds (D-Wash.).

Ralph H. Metcalfe (D-Ill.), Edward Mezvinsky (D-Iowa), Parren Mitchell (D-Md.), John J. Moakley (D-Mass.), William S. Moorhead (D-Penna.), Charles A. Mosher (R-Ohio), Gary A. Myers (R-Pa.), Edward Pattison (D-N.Y.), Joel Pritchard (R-Wash.), Charles B. Rangel (D-N.Y.), Thomas M. Rees (D-Cal.), Henry S. Reuss (D-Wis.), Frederick W. Richmond (D-N.Y.), Donald Riegle, Jr. (D-Mich.), Peter W. Rodino (D-N.J.).

Benjamin Rosenthal (D-N.Y.), Edward Roybal (D-Cal.), Fernand St Germain (R-R.I.), Patricia Schroeder (D-Colo.), John Seiberling (D-Ohio), Fortney Stark, Jr. (D-Cal.), Gerry Studds (D-Mass.), James Symington (D-Mo.), Frank Thompson, Jr., (D-N.J.), Morris K. Udall (D-Ariz.), Charles H. Wilson (D-Cal.), Antonio B. Won Pat (D-Guam), Henry Helstoski (D-N.J.), Dick Ottinger (D-N.Y.), Ken Hechler (D-W. Va.).

HELP FOR CHARITIES AND TAXPAYERS: THE RELIGIOUS AND CHARITABLE DONORS' TAX JUSTICE ACT

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. HEINZ. Mr. Speaker, everyone is aware of the economic impact that inflation has had on the average wage earner. But, as the Ways and Means Committee and the House continue to consider tax reform legislation, little attention has been paid to the social implications of inflation, especially as it affects our religious and charitable institutions.

These traditional American institutions, which have played a major role in the fulfillment of our religious, moral, educational, and recreational needs, are in danger from the impact that rapidly rising prices are having on their economic lifeline, voluntary charitable contributions.

My research of the most recent Internal Revenue Service data uncovered that while the average charitable contributions increased by 9.2 percent from 1966 to 1968, the 1968 to 1970 increase was only 3.7 percent. This sharp decline came during a period in which the rate of inflation was less than half of the current rate.

Since virtually all of these groups depend, to a large degree, on the generosity of the American people, there is a real concern that many may not survive our current inflationary spiral.

For these reasons I am today introducing the Religious and Charitable Donors' Tax Justice Act. My bill would amend the Internal Revenue Code of 1954 to allow each taxpayer to choose either the present deduction for charitable contributions or a tax credit for 50 percent of his or her charitable contributions, whichever is most beneficial. There would be a limit of $500 tax credit per individual return per year, with a $1,000 credit limitation for those filing a joint return.

My bill gives hard-pressed taxpayers an extra benefit while taking nothing away. It does not repeal or alter the present tax deduction for charitable contributions. What my legislation does do is give taxpayers a choice between something old—the present deduction—and something new, a tax credit of 50 percent of the annual total of his or her charitable contributions, up to a maximum credit of $500 per year on an individual return or $1,000 on a joint return. A tax credit reduces the taxes you owe, dollar for dollar, and so is much better for most taxpayers than a deduction which only reduces the taxable income on which you figure how much you owe in taxes. It is up to the taxpayer to decide what choice helps most.

Under present law, the deduction permitted for charitable donations mainly benefits people in high tax brackets. For example, an individual with a taxable income of $10,000 who gives his church $500 is entitled to a mere $125 tax savings. But the individual who makes $50,000 and also gives his church $500 saves up to $300 in taxes. This is clear discrimination against low- and middle-income taxpayers.

My tax justice bill, which employs a tax credit, will assure those who are not wealthy a tax benefit from charitable contributions as substantial as that already enjoyed by those who are. The tax credit would allow each taxpayer to continue his or her generosity toward the church or other institutions without depriving his or her family of life's basics.

I believe this approach would create incentives for Americans to increase their religious and charitable donations. By doing so, it would help strengthen this Nation's churches and religious groups, private educational institutions, cultural groups and other entities such as the March of Dimes and the heart and cancer research organizations which rely entirely on charitable donations.

Since first introducing this measure on June 28, 1974, I have received many endorsements from a wide variety of religious groups and organizations. For example, the following is a quote from a letter that the Catholic University Alumni Association sent to its members:

> The "Heinz Bill" proposes an effective remedy to the current situation wherein the inflationary spiral has detrimentally affected charitable giving. As such it is of enormous importance to all connected with the Catholic University of America, bearing closely upon the vital source of sustaining income known as the annual fund.
>
> Enactment into law could substantially multiply our potential to contribute to worthy causes such as CUA, while adhering to the limits of budget we all have.

This support, and that of other organizations, is particularly meaningful as the Ways and Means Committee continues to proceed with tax reform legislation. It is my hope that this or legislation similar to the Religious and Charitable Donors Tax Justice Act can be included in any tax reform legislation either by the committee or by means of a floor amendment.

THE RECYCLING OF PLUTONIUM

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. ASPIN. Mr. Speaker, today I am introducing legislation to bring under control a very dangerous technological innovation: The recycling of plutonium.

The Nuclear Regulatory Commission now plans to license the extraction of plutonium from spent nuclear reactor fuel and its subsequent fabrication and use as fuel in light water reactors. The economic benefits of proceeding with plutonium recycle now are small. The risks, and the possible large-term costs, are great.

The dangers of plutonium recycle are simply stated: Plutonium is a destructive substance of unprecedented versatility and power. As a poison, it is lethal in microscopic doses. As the raw material of nuclear explosives, 10 pounds of it is ample for a fair-sized bomb. We could do the terrorists and criminals of this world no greater favor than to make this element an article of commerce, transported across the country in quantities measured in tons.

Thanks in no small part to the voice of Theodore B. Taylor, plutonium safeguards is no longer a side issue in the planned conversion to a "plutonium economy." For the first time, keeping this substance out of the wrong hands is being treated as an important problem of plutonium recycle. It is to be hoped that,

with careful planning, the risk of plutonium diversion can be brought down to an acceptable level; always remembering that the only acceptable level is zero risk. We would be insane to build into our core energy technology a vulnerability to blackmail.

We have assigned to the NRC, and its predecesor, the regulatory arm of AEC, responsibility for overseeing the safety of nuclear power. We should expect that no responsible regulator would proceed to license the plutonium traffic without first designing and making plans to implement a fail-safe safeguards system. But look at AEC's Draft Gesmo, the draft environmental statement on plutonium recycle:

Some possibility remains that an attempted act of theft or sabotage could be successful or partially successful. The probability of a successful act of sabotage or theft depends on many factors . . . the number and complexity of these factors . . . make probability assessment of a successful act of theft or sabotage not susceptible to precise quantification.

The safeguards system has as its objective achieving a level of protection against such acts to insure against significant increase in the overall risk of death, injury, or property damage to the public . . . it is judged that this objective will not be fully met by current safeguards measures; however, present development programs have been carefully reviewed and other concepts which could significantly improve safeguards have been identified . . . studies on some of these aspects . . . are underway and other studies . . . are being initiated.

The Commission has a high degree of confidence that through implementation of some combination of the above concepts the safeguards general objective set forth earlier can be met for Pu recycle. Indications at this time point to decisions on upgrading within about one year after issuance of the final Gesmo statement—Draft Generic Environmental Statement on Mixed Oxide Fuel, Wash-1327, August 1974, Volume 1, pp. S-6, S-7.

In other words, the Commission does not believe present safeguards systems are adequate, does not now have in hand a plan for an adequate safeguards system, and will not have such a plan ready until a year after its final impact statement is issued. Yet "the Commission has a high degree of confidence" everything will turn out all right in the end. How can the Commission know that a plan which does not even exist will be foolproof? But any system which is less than fool-proof is intolerable.

No safeguards system can be more reliable than its components: Separation plants, fabrication plants, reactors, and the transportation links among them. One promising safeguards proposal would put separation plants, where plutonium is extracted from spent fuel, and fabrication plants, where the plutonium that is extracted is refashioned into fuel pellets for reuse, side by side, or even in the same building. This would eliminate the hazardous step of transporting refined plutonium on common carriers, subject to shipment diversion and hijacking. But this "integrated fuel cycle facility" or "nuclear park" proposal is still in the idea stage: NRC has no present plan to require it. Once NRC has licensed separate facilities and its licensees have constructed them, the nuclear park option may be lost. The same applies to the possibility of designing plants which will make materials accounting easier. In present plants, one-half of 1 percent is considered the limit of error in materials accounting. This seems impressive until one considers that one-half of 1 percent of a single ton of plutonium is enough to make a bomb, and that the plutonium economy planned by NRC will involve hundreds of tons of plutonium per year.

We should work on the development of better materials accounting systems. But plants built today have to be built with today's designs. If NRC proceeds to license construction now, the chance of basic improvements in materials accounting will be lost.

A few years' delay in developing plutonium recycle facilities will give the industry and the commission breathing time in which to plan an efficient and reliable safeguards system to replace the nonplan presented in NRC's environmental statement on plutonium recycle.

But the legislation I have introduced will do more than slow down the process. It will remove the crucial decision—the decision to permit plutonium to become a commodity—from the NRC altogether, and guarantee that the elected representatives of the people will decide. Do we want the raw material of nuclear weapons in routine commercial traffic? This is not a decision we should delegate to a regulatory agency, particularly not to one which has already decided to proceed with plutonium recycle though it admits that no adequate safeguard system has been designed.

The Congress needs two things in order to make a reasonable decision on this matter: Time and information. This bill would provide both: Time, by forbidding NRC from proceeding before we have a chance to act; and information, by requiring the Office of Technology Assessment to undertake a study.

To act on this problem by inaction, to allow NRC to proceed with plutonium recycling before the safeguards problem is solved, would be an abdication of our responsibilities. The text of the bill follows:

H.R. 3618

A bill to prohibit the licensing of certain activities regarding plutonium until expressly authorized by Congress, and to provide for a comprehensive study of plutonium recycling.

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, That this Act may be cited as the "Plutonium Recovery Control Act of 1975."

FINDINGS

SEC. 1. The Congress finds that—

(1) the Nuclear Regulatory Commission proposes to license the extraction of plutonium from spent reactor fuel and its subsequent use in mixed-oxide reactor fuels;

(2) plutonium is both a highly toxic substance and the possible raw material for nuclear explosive devices;

(3) the establishment of a commercial plutonium industry and the consequent production and transportation of large quantities of plutonium may increase the likelihood of diversion of plutonium from legitimate channels to use by criminal or terrorist organizations;

(4) the possible adverse effects of plutonium diversion are so great that even a small probability of successful diversion is unacceptable;

(5) present plans for safeguarding plutonium as set forth in the Generic Environmental Statement on Mixed Oxide Fuels, are inadequate;

(6) delay in the establishment of plutonium extraction and re-use facilities will have no substantial adverse economic effect, but will provide time for careful planning of safeguards systems for economy and reliability;

(7) the final decision on whether the economic benefits of plutonium recycling are great enough to counterbalance its social costs and risks should be made by the Congress, and not by a regulatory agency.

SEC. 2. (a) Except as provided in subsection (b), the Nuclear Regulatory Commission, established by section 201 of the Energy Reorganization Act of 1974 (Public Law 93-438, 88 Stat. 1242), shall not license, permit, or otherwise authorize—

(1) the operation of any nuclear power reactor using recycled plutonium fuel; or

(2) the construction or operation of any facility which reprocesses or recovers plutonium from spent nuclear power reactor fuel or from production reactor products.

(b) The provisions of subsection (a)(2) of this section shall not apply with respect to—

(1) any construction activity undertaken in conformity with a construction permit issued pursuant to the Atomic Energy Act of 1954 (68 Stat. 919) before January 1, 1975; or

(2) any recovery of plutonium for military or research and development purposes.

(c) The prohibitions of subsection (a) of this section shall remain in effect until the Congress, after having adequate time to study the results of the investigation described in section 3, to hold the necessary hearings, and to consider the various alternatives available to the Nation, provides otherwise by law.

SEC. 3. (a) The Office of Technology Assessment shall conduct a comprehensive study of the recycling of plutonium for the purpose of determining the extent of the dangers to the public health and safety and to the environment resulting from such recycling. Such study shall be completed not later than three years following the date of the enactment of this Act, and shall include—

(1) investigation of the toxicity and carcinogenic characteristics of plutonium, the development of illicit markets for the sale of plutonium, and the fabrication and use of unauthorized nuclear devices made from plutonium;

(2) investigation of the risks of the unauthorized diverison or theft of plutonium, the development of illicit markets for the sale of plutonium, and the fabrication and use of unauthorized nuclear devices made from plutonium;

(3) investigation of the full range of economic costs and institutional implications, including threats to civil liberties, of the safeguards measures needed to minimize the unauthorized diversion or use of plutonium;

(4) investigation of the need for plutonium as an energy fuel and of non-plutonium strategies for meeting national energy requirements;

(5) investigation of alternative means of handling and containing plutonium on the assumption that the use of recycled plutonium as nuclear power reactor fuel is not permitted in the forseeable future; and

(6) consideration of the development of systems for the use of plutonium which will assure the protection of the public health and safety and of the environment.

(b) In conducting the study required by subsection (a) of this section, the Office of

Technology Assessment shall seek the assistance of a broad range of public and private groups with information or expertise relevant to the subjects of the study and shall assist and encourage the participation of the public in all phases of the study. The Office shall have the power to enter into contracts with individuals or corporations for the purposes of conducting the study, but shall not enter into contracts with any corporation or person which in the judgment of the Office might have a significant financial interest in the development or utilization of recycled plutonium fuel.

(c) All Government agencies shall cooperate to the fullest extent with the Office and shall provide access to their personnel and data. At the request of the Office, any Government agency shall furnish any information which the Office deems appropriate for the purpose of conducting the study under this section. The Office is further empowered to compel the delivery of any information in the possession of the National Laboratories which the Office deems necessary for conducting the study.

"(d) There is authorized to be appropriated, for use in carrying out this section, not to exceed $75,000,000.

"SEC. 3. For purposes of this Act—

"(1) the term 'plutonium' means pure plutonium, plutonium oxide, or any other plutonium compound;

"(2) the term 'recycled plutonium' means any plutonium recovered or separated from spent nuclear reactor fuel or production reactor products;

"(3) the term 'recycled plutonium fuel' means any nuclear reactor fuel containing recycled plutonium, including fuel containing mixed oxides of uranium and recycled plutonium;

"(4) the term 'spent nuclear power reactor fuel' means any material which forms part of a used fuel assembly for a nuclear power reactor."

CHALMERS WYLIE SUPPORTS BSA S.M.E. PROGRAM

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. BROWN of Ohio. Mr. Speaker, my colleague from Ohio's 15th District, CHALMERS P. WYLIE, has long been active in the Boy Scouts of America—from his youth when he participated actively as a troop member through current leadership and support of Scouting programs.

As a strong supporter of Scouting myself, I wish to commend my colleague for his continued activity in Scouting as it was illustrated in a recent editorial in the Clintonville Booster, a weekly newspaper serving north Columbus, Ohio.

So that I may share with my colleagues these comments on Scouting and CHALMERS WYLIE's support of the program, I am placing the editorial in the RECORD at this point:

[From the Clintonville Booster, Feb. 19, 1975]

"SURVIVAL KIT" RELATES SUPPORT FOR SCOUTS

During the very first year when the Clintonville Woman's Club was built a tradition was begun of hosting a key program of Boy Scouting. This breakfast, re-kindled on February 1, kicks-off "Sustaining Membership Enrollment" or the S.M.E. Program for Olentangy District of the Boy Scouts.

Congressman Chalmers Wylie addressed the breakfast meeting. We believe his remarks and the incident relating to Scouting are worth repeating as an editorial endorsement of the SME program.

"BIG CHUCK" FOR BSA AND SME

"The challenge for you the reader and the scout leaders who attended is, '. . . to strengthen the powerful tool for helping boys to fulfill citizenship responsibilities.' That tool is the Boy Scouts of America. Scouting teaches boys how to cope with problems; it is really a partnership of youth and age.

"To enlist those persons who are concerned and will support scouting, invite them to consider scouting tasks. Seek their support through a commitment of money, time and talent. This is the purpose of the start of the Sustaining Membership Enrollment Drive which is a yearly activity.

"Chalmers P. Wylie is a concerned adult scouter who is referred to by the members of Troop 156 as "Big Chuck." Here is why.

"In the summer of last year, Troop 156 ventured to the Adirondacks in New York State. At the beginning of a back pack hike, Congressman Wylie twisted a knee which has been somewhat sensitive since being injured in basketball playing days. He had to make a walking stick from a sapling to finish the hike.

"Congressman Wylie's office in Washington, D.C., has a certificate displayed on the wall. That certificate was the award for completing this hike. At Congressman Wylie's home, he has that walking stick displayed. It has been shellacked. On the side of the handle is carved the name 'Big Chuck.' On the shaft of the walking stick are carved the the initials of each of the boys who participated in the hike. The stick was a gift of the boys. The boys know Chalmers Wylie as 'Big Chuck.' He knows himself to be self-reliant in a trying situation.

"Let's get behind scouting to help teach our boys. Be prepared—do that good turn again and again and again.

"When that scout leader calls at your home, receive him and show him evidence of your support of this youth service in your community by contributing as a concerned friend of scouting."

INTRODUCTION OF "SATURDAY NIGHT SPECIAL" HANDGUN PROHIBITION LEGISLATION

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. DINGELL. Mr. Speaker, during the 93d Congress, along with my friend and colleague, BOB CASEY, I introduced H.R. 12553 and H.R. 12554, identical bills to halt the sale in the United States of certain handguns known as "Saturday Night Specials." Today, again with the gentleman from Texas (Mr. CASEY), and joined by several of our distinguished colleagues, I am reintroducing that legislation.

For the record, the original bill I introduced at the outset of the 93d Congress, H.R. 3611, also to prohibit the sale of certain handguns in the United States, was strengthened during the last Congress by my introduction of H.R. 12553 and H.R. 12554. It is this "strengthened" version we are reintroducing today.

I believe this legislation is a workable, moderate, and politically realistic approach. It does not impinge on the rights of law-abiding citizens to buy and use handguns for sporting and defensive purposes, and I believe it will enjoy their support.

Essentially, the bill would prohibit handgun manufacturers and importers—who all are federally licensed under existing law—from manufacturing, importing, or assembling from parts a "Saturday Night Special" for sale in the United States.

As many Members are aware, one of the principal problems in drafting any such bill is to accurately define "Saturday Night Special." People familiar with firearms know generally what is meant: crudely made, pot-metal handguns selling for as little as $10 or $15. Of poor quality and scant durability, the "Saturday Night Special" is unsuitable for sporting, target, or defensive use, but it is uniquely attractive to the criminal as a cheap, disposable weapon.

Yet the formulation of a precise definition has been difficult. One bill passed by the Senate in the 92d Congress was so loosely worded that it also would have banned many high-quality handguns purchased by honest citizens for legitimate purposes. Many people suspected—rightly—that the bill was a Trojan Horse for an attack on private handgun ownership generally, and the measure died in the House.

Another problem is to be specific enough to avoid leaving administrative officials wide discretion to decide what the law means. The way in which some city governments have stretched and twisted loose language in gun control laws to harass and discourage responsible citizens from owning firearms provides ample reason to distrust any bill that affords broad opportunities for arbitrary "reinterpretation."

The bill that I am introducing today, like my earlier bill, clearly identifies, and is confined to, "Saturday Night Specials." And it eliminates any need for unfettered discretionary powers in the hands of administering bureaucrats.

It would supersede a present hodgepodge of administrative regulations which pertain only to imported handguns, and which cannot effectively remove "Saturday Night Specials" from the market.

The bill establishes an objective standard of quality which all new handguns—no matter whether manufactured domestically or imported—must meet, or be banned from sale.

"Saturday Night Specials" would be prohibited by rating the metal from which they are made by three scientific criteria: a minimum liquidus melting temperature of 1,000° F; a minimum ultimate tensile strength of 55,000 pounds per square inch; and—where powdered metal is used—a minimum density of 7.5 grams per cubic centimeter.

Only those handguns which meet all three criteria could be manufactured, imported, or assembled for sale in the United States.

By their very nature, "Saturday Night Specials" cannot meet these criteria. Virtually all of them are made primarily of low-strength materials—such as zinc alloy—that permit the use of diecasting

and other cheap manufacturing techniques costing as little as one-twentieth as much as conventional methods using strong steel or aluminum alloys. This prime characteristic of "Saturday Night Specials" accounts for both their poor quality and their low price.

Manufacturers of high-grade handguns avoid these cheap methods and materials in the construction of major parts critical to strength and durability. In "Saturday Night Specials," however, such parts are flimsy and perilously close to the margin of safety. For this reason, a quality standard is an effective means of distinguishing "Saturday Night Specials" from handguns suitable for legitimate defensive and sporting use.

This legislative approach was received very favorably when it was first embodied in H.R. 3611. The Illinois Legislature adopted the bill as a State law, as have several local jurisdictions. Citizens across the country, including a number of engineers and other technical people, have responded by volunteering their expertise to further improve the bill, suggesting ways to broaden its coverage and make it stronger.

The bill which I am introducing today includes many of their suggestions, and goes far beyond the original measure, which imposed a single minimum 800° F melting point criterion on handgun frames. It will apply the three minimum requirements mentioned above to each of the following major structural parts of handguns: the frame—sometimes also called the receiver, the barrel, the cylinder of a revolver, the slide of an automatic pistol, and the breechblock of any other pistol. These parts are the ones critical to strength and safety. It should be noted that smaller parts that may be assembled to these larger components are not included, since their mechanical properties often are of necessity quite different.

In this bill, the liquidus melting temperature—that is, the point at which an alloy turns completely from a solid to a liquid—has been raised considerably above the 727-degree Fahrenheit melting point of the zinc commonly employed in "Saturday Night Specials," to provide a safe margin against metallurgical variations.

The ultimate tensile strength—the load required to actually break a bar of metal by pulling it apart—requirement was added because there are a few metals suitable for cheap diecasting which melt at temperatures higher than 1,000 degrees F. However, none of these can meet the ultimate tensile strength requirement. Alloy A-380, for example, a common aluminum diecasting alloy which could be utilized in "Saturday Night Specials," has an ultimate tensile strength of 48,000 pounds per square inch. By comparison, high-strength aluminum parts produced by costly forging and machining have an ultimate tensile strength as high as 83,000 pounds per square inch.

The third criterion—density—pertains only to the use of powdered, or sintered metal. It has come to my attention that a few "junk" handguns now are being made by this process, in which steel granules molded in the shape of a part are fused solid by high heat. A melting point criterion is inappropriate here, and superficially high tensile figures can be achieved.

However, this is deceptive, for the strength of sintered metal parts is determined by their density. For example, the auto industry uses powdered metal to fabricate automatic transmission gears; but to obtain the high density required, large presses and expensive dies must be utilized to compress the sintered part afterward under enormous pressure. "Saturday Night Special" manufacturers skip this costly operation, and produce cheap sintered parts lacking elasticity and impact resistance. Good enough for a "junk" handgun, but too brittle and unsafe for the major structural components of a quality arm.

Hence, a density level has been added to this bill to weed out "Saturday Night Specials" made of poor quality sintered parts.

Together these three requirements not only would eliminate every "Saturday Night Special" now being produced but would make circumvention extremely difficult.

I should emphasize that the provisions of this bill are easy to enforce and would take full effect 90 days after enactment without the need for further administrative approvals, promulgation of regulations, advisory committees, laboratory testing, or other redtape that has festooned many other proposals that have been circulated in the past.

And, unlike the Senate bill I mentioned earlier, this bill places the burden of compliance on those most knowledgeable and best able to obey its requirements: the manufacturers and importers. This point is extremely important, since virtually all Federal firearms law violations are classed as felonies, no matter how minor.

By cutting off "Saturday night specials" at their source, my bill would not subject ordinary citizens who might buy or sell a handgun in good faith to the risk of criminal prosecution for unwittingly running afoul of technical provisions—the Senate bill contained 37 technical criteria, and would have held ordinary citizens criminally responsible for failure to understand all of them.

A few words of explanation might be helpful on another point. After H.R. 3611 was introduced, I was contacted by several technical writers who had received the impression that each individual handgun produced would have to be subjected to a melting test—which of course would be ruinous to the finish and heat treatment even of high-grade firearms. That is not the case at all. This bill is best understood by comparing it to a ban on soft drinks containing cyclamates. No authority is provided—or needed—for the Secretary of the Treasury, who administers the Federal firearms laws, to require melt testing, or prior approval of each handgun. This simply is not necessary, any more than it is necessary to open each bottle of soft drink to look for cyclamates.

Rather, this bill would be enforced in very conventional fashion: if a firm is discovered to be manufacturing or importing for sale a handgun made of materials known not to meet the prescribed specifications, that firm is in trouble.

It should be understood that the liquidus melting point and the ultimate tensile strength of materials used in the construction of handguns are well known in the trade. A glance at any metallurgical manual reveals, for example, that 7071-T6 high tensile strength aluminum—which is not a die-casting alloy—would meet the requirements of this bill, while AG40A zinc alloy—which is Zamak, commonly used in "Saturday night specials"—would not.

Obviously, each manufacturer knows what materials he is using, and if he desires to avoid the risk of a felony conviction, he will make sure that he complies with the laws requirements, much the same as he presently complies voluntarily with the law that each handgun must be serialed, marked with his firm name, and duly entered on his records.

It has been suggested that this bill might be circumvented by the use of plastics. All available evidence indicates that to be an imaginary problem. The criteria in this bill refer to materials generally, not just metals. Both the melting point, and the tensile strength of polycarbonates and fiberglass—which are the two plastics sometimes used for nonstressed parts of certain firearms—are far too low and too weak to be used for structural components. These plastics turn to liquid well below 400° F, and most have tensile strengths no higher than 10,000 pounds per square inch, not even close to the requirements of this bill.

In summary, manufacturers of handguns would be forced by this bill to produce only those handguns meeting a quality standard of durability and safety that make them suitable for legitimate use, or go out of business. Either way, the "Saturday night special' will be driven off the market.

Let me say at this point that I have no objection to low-priced handguns as such. I do not believe that firearms ownership ought to be reserved for the affluent. A citizen of ordinary means, if he is responsible and law abiding, has just as much right to buy and own a handgun for lawful purposes at a price he can afford as a rich man does. Manufacturers ought to be able to meet such legitimate demand through a full spectrum of price.

The reason that I am proposing to treat "Saturday Night Specials" differently from other handguns is not the price, but the fact that the very nature of "junk" handguns precludes much legitimate use.

The appeal of the "Saturday Night Special" to the criminal element is that it is cheap and expendable. It is a "throwaway" gun. It can be bought for a pittance—which is a prime consideration to somebody who needs a gun for a stickup—and it can be discarded without hesitation if the need arises. Quality is not important—what the criminal really needs is an instrument of coercion—a threat.

The "junk" handgun fills that bill, and has little other usefulness.

As the H. P. White Laboratory tests, commissioned several years ago by the

U.S. Treasury Department, demonstrated, some of these guns are defective when new, and many break within the first few dozen rounds. Significantly, many of these "Saturday Night Specials" suffered failures from fracture of one of the major structural parts.

It is a plain fact of economic life that quality costs money. It is no accident that a good quality handgun—not a "Saturday Night Special"—today costs beween $50 and $100, and many of the most popular models are priced in the $100 to $200 range.

A prohibition on the manufacture, importation, or assembly of "junk" handguns would mean that many casual buyers—particularly those with criminal intentions who want a "throwaway" gun—will be unwilling or unable to make the substantially greater investment necessary for a quality arm.

In introducing this bill, I do not mean to suggest that criminals are able to walk into a gunshop and buy a firearm legally the way an honest citizen can. That is just not true.

The Gun Control Act of 1968 already prohibits the sale of handguns to a person under 21, or to a person outside the State of his residence. It also prohibits the sale of any kind of firearm to a person convicted of—or even under indictment for—a felony; as well as to any person who is a fugitive from justice; an unlawful user of narcotics or of any depressant or stimulant drug—including, I might add, marihuana; or to any person who has been committed to any mental institution.

These are very stringent restrictions, backed up by penalties of 5 years in prison or $5,000 fine or both, and they apply to "Saturday Night Specials" the same as any other firearm. To the extent, however, that "junk" handguns change hands in illegal channels—often to youthful purchasers at giveaway prices—they would be cut off at their source by this legislation.

The cosponsors of the "Saturday Night Special" bill are as follows:

LIST OF COSPONSORS

Mr. Dingell, Mr. Casey of Texas, Mr. Brown of California, Mr. Boland, Mr. Mazzoli, Mr. Stark, Mr. Fish, Mr. de Lugo, Mr. Badillo, Mr. Ashley, Mr. Wolff, Mr. Moakley, Ms. Holtzman, Mr. Whitehurst, Mr. Foley, Mr. Thone, Mr. Vander Jagt, Mr. Studds.

The text of the bill is as follows:

H.R. 3773

A bill to prohibit the sale of "Saturday Night Special" handguns in the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 921(a) of title 18 of the United States Code is amended by inserting after paragraph (20) the following:

"(21) The term 'handgun' means a firearm designed to be held and fired by the use of a single hand. The term also includes a combination of parts in the possession or under the control of a person from which a handgun can be assembled. The term does not include antique firearms, or any firearm which comes within the definition set forth in section 5845(a) of the Internal Revenue Code of 1954.

"(22) The term 'basic structural component' means any or all of the following single parts (including a permanent assembly forming such single part) of a handgun; frame, barrel, cylinder, slide, and breechblock."

SEC. 2. Section 922 of title 18 of the United States Code is amended by adding at the end thereof the following:

"(n) It shall be unlawful for a licensed manufacturer or licensed importer to manufacture, assemble, or import, for the purpose of sale in the United States, any handgun, knowing or having reasonable cause to believe the basic structural components thereof are made (1) of any material having a melting point (liquids) of less than 1000 degrees Fahrenheit, or (2) of any material having an ultimate tensile strength of less than 55,000 pounds per square inch, or (3) of any powdered metal having a density of less than 7.5 grams per cubic centimeter.

SEC. 3. Section 925(d) of title 18 of the United States Code is amended

(1) by striking out "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4), and inserting "; or" in lieu thereof; and

(3) by inserting immediately after paragraph (4) but before the final sentence the following new paragraph:

"(5) is a handgun which is not prohibited from being manufactured, imported, or assembled for sale in the United States by Section 922(n) of this chapter."

SEC. 4. The amendments made by this act shall take effect on and after the ninetieth day after the date of its enactment.

INTEGRITY OF FEDERAL EMPLOYEES

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. BROOMFIELD. Mr. Speaker, a majority of the 2½ million men and women employees in the legislative, judicial, and executive branches of our Federal Government are people of integrity with sincere dedication to better government.

The average citizen, however, does not have that impression of our Federal employees. On the contrary, more and more people are losing confidence in the integrity of the staff personnel who administer our Federal Government.

This may be due in part to activities and actions over the past several months involving ethics in governmental management. Another factor may be the fact that alleged mischief in Washington is considered news and reported by the media, whereas the average citizen hardly ever hears about the honest Federal employee because honesty is assumed and not considered news.

Nevertheless, it is our responsibility, as representatives of the people, to reduce to the absolute minimum wrongdoing among Federal employees. The success of our Government will be decided ultimately by the ethics that undergird it and the confidence the people have in it. We took one step in this direction when we adopted a Code of Official Conduct for the Members of the House of Representatives. I am asking that we take another step.

Today I am introducing legislation that will help restore lost confidence in the integrity of our Federal employees. My bill, like the Code of Official Conduct for the Members of the House of Representatives, provides for the financial disclosure of income. It does not go as far as the code we adopted for ourselves, and I do not believe this is necessary. It does not require the reporting of assets and liabilities, stocks and bonds, as the Code of Official Conduct for the Members of the House of Representatives does. My bill calls for the reporting of income only. The objective of my bill is to determine the amount and source of income received in excess of $1,000 of the salary paid by the Federal Government.

I am aware we cannot legislate ethical conduct, but we can legislate procedures to reduce wrongdoing and make it more easily detected. In introducing this bill, I am subscribing to the philosophy that "an ounce of prevention is worth a pound of cure." It will be a greater deterrent to wrongdoing than the Criminal Code, and wrongdoing may be more easily detected and proved than the obtaining of the evidence required in the Criminal Code.

The opportunity for misuse of trust exists for our Nation's employees. We owe it to the many who do not abuse that trust to establish procedures to eliminate the small handful that do.

The aim of this bill is to make the running of our Nation's Government more honest in actuality and appearance. It will serve as an example to other organizations and institutions and a reminder to our Federal employees and the American people that "we care." It will help restore and justify the confidence of the American people in our Nation's Government now and during the years ahead.

PENTAGON RECRUITING BUDGET SHOULD BE CUT

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. ASPIN. Mr. Speaker, now that they are filling their quotas and unemployment is extremely high the Pentagon should cut back on its proposed $553.5 million recruiting budget for next year. The Pentagon should be able to cut its recruiting budget by at least 25 percent and possibly as much as 50 percent.

Mr. Speaker, I hope the Pentagon will voluntarily cut the budget but I must warn them that Congress might cut the request on its own if the Pentagon fails to reduce its budget.

Last December the military recruited 105 percent of its quota. With unemployment among 16 to 19 year olds above 20 percent, there is no need for the elaborate advertising and slick gimmicks of our current military recruiting campaigns. The military has a perfect opportunity to save some money while still maintaining the concept of the all-volunteer force.

It is interesting to note, Mr. Speaker, that the military is now becoming increasingly choosy about who they even recruit.

In the last month of 1974, 96 percent of the enlistees were of average or above average mental categories according to Pentagon tests. This is the brightest group to enter the military since the statistics on mental ability were first collected in May 1951.

Since the introduction of the all-volunteer army, recruiting budgets have grown steadily rising $85 million in just the last 2 years.

During a recession everyone including the Pentagon should tighten their belt and reducing the recruiting budget seems like a perfectly logical and reasonable way of doing it.

ECONOMIC PLIGHT OF OUR COTTON PRODUCERS

HON. DAWSON MATHIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. MATHIS. Mr. Speaker, this administration has made many eloquent remarks in the last 3 years concerning the target price concept for agricultural commodities and its tremendous benefits to both the farmers and the consumers. Much has been said in the past few years about the need to increase our acreage production and that the continued high prices on the worldwide market would guarantee a high level of prices to the American farmer. Whenever I hear spokesmen for the Department of Agriculture deliver their much rehearsed colloquy, I am only reminded of the economic plight which faces our cotton producers. I am inserting a sales receipt for cotton sales from one of my constituents, and I think this one invoice exemplifies the plight of the American farmer at this time.

PURCHASE INVOICE (NO. 58), DUNN'S COTTON GIN

[Shellman, Ga. Jan. 20, 1975, County Randolph, Seller David Hipp, Farm ——, Address Weston, Ga., No. Bales ——]

Grade	Receipt No.	Net weight
42-34	5,191	492
42-33	5,198	491
42-34	5,202	503
42-34	5,203	507
42-34	5,204	491
51-34	5,205	509
42-34	5,206	501
41-34	5,207	507
51-34	5,208	518
41-34	5,209	504
42-33	5,210	512
42-34	5,211	482
42-34	5,212	501
42-34	5,213	509
51-34	5,219	509
51-34	5,224	365
Total, Invoice No. 58		7,901
Invoice No. 57		12,935
Invoice No. 56		12,803
Invoice No. 55		12,807
Invoice No. 54		12,440
Invoice No. 53		12,264
Total		[1] 71,150
Total at $33.60		$23,906.40
Less warehouse charge		365.00
Storage to date		362.00
Less cotton board ($1 per bale)		146.00
Total		23,033.40

As my colleagues will see, my constituent sold 71,150 pounds at a price of 33.60 a hundredweight. After deducting storage charges, his check amounted to $23,033.40. As I am sure most of you know, the target price for cotton was established by Congress at 38 cents a pound. Let me emphasize, however, Mr. Speaker, that this constituent will not receive any cash differential because the target price on cotton was figured for the first 5 months of last year. The average of those first 5 months was above 38 cents, so, consequently, my constituent does not receive any differential. Also, let me add, Mr. Speaker, that when this particular cotton was being grown and harvested, the estimated cost of production ranged from 40 to 50 cents a pound. This farmer has lost money on his cotton crop, and I seriously doubt he will grow cotton next year under these same conditions. The same illustration can be used not only for cotton but for all other commodities and unless Secretary Butz changes his attitude toward established and proven farm programs, the American consumer, as well as the farmers, will be seriously affected in the future.

SOCIAL SECURITY: $1.3 TRILLION UNDER THE RUG

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. MICHEL. Mr. Speaker, an editorial in the Wall Street Journal effectively points out that the much-publicized recent statement of eight former HEW officials was an exercise in irresponsibility.

The eight had gotten together to attempt to deflect the mounting criticism of the social security system. But rather than deal with the specifics of that criticism, they chose to cloud the issue by resorting to invective. They attacked the motives of the critics, calling them "vicious," "destructive," and "irresponsible."

Resorting to name-calling when you do not have the facts is a debating technique as old as time, but it has never been a very good one. Nor is it in this case. The simple fact is that social security is in trouble over the long haul, and the only way to avoid disaster is to act now.

One of the eight former Secretaries of HEW, Wilbur Cohen, claimed that we were trying to scare old people. Let the record be clear, it is not today's old people who ought to be scared. If you are 70, your social security check is going to keep on coming for the rest of your life. But if you are 40, it may not, and so as one of the critics of social security, I am trying to scare not old people, but rather young people who will surely suffer if the system is not radically changed.

I include the Journal editorial to be printed here in the RECORD:

[From the Wall Street Journal, Feb. 12, 1975]

$1.3 TRILLION UNDER THE RUG

We note that eight ex-bigwigs from the Department of Health, Education and Welfare trotted out a stack of Bibles on which to swear nothing was wrong with the Social Security System. Suggestions that there is a serious problem, they said, are "destructive," "irresponsible" and "baseless."

Apparently the former HEW and Social Security heads were upset because discussion of the system's actuarial deficits has caused some recipients to worry about whether they will receive their next check. We would also like to do our part to calm such fears. We cannot realistically conceive of a way the system would not meet its obligations in the next few years.

We do take exception, though, to Wilbur Cohen's willingness to extend the same assurances out of "20, 30 or 40 years" and indeed to say that failing to do so is "vicious." Social Security is a pay-as-you-go system, meaning that benefits to be collected 40 years from now must be financed out of what the economy produces 40 years from now. Whether in the next 40 years the economy grows fast enough to afford such benefits depends heavily on government economic policies, not least the level of taxation, to which Social Security's payroll tax contributes.

We further take exception to the claim that the current debate is nothing more than a rerun of the arguments that took place when the system was founded. No one we know of seriously wants to abolish the system. For that matter, we are quite content with the fact that it is something different from the usual private pension plan.

Back in the original debates one big issue concerned the accounting problem. The pro-Social Security forces won, and accounting for the system is not done on the "full reserve actuarial concept" that would apply to a private pension system. Rather, to reflect the pay-as-you-go aspect, a new and less stringent method of accounting was developed.

Under this "dynamic assumptions" method, the actuarial deficit of the Social Security System is now $1.3 trillion over the next 75 years, discounted to present value. This is the first time the official actuarial concept has shown a deficit of any such proportions.

Somehow it seems to us that if you are facing a deficit of such size, it is not exactly irresponsible to take some notice of the fact. Indeed, it somehow seems to us the irresponsible thing to do is to sweep the $1.3 trillion under the rug.

HOME HEALTH CARE

HON. ALAN STEELMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. STEELMAN. Mr. Speaker, I am including for the RECORD a statement submitted to the Subcommittee on Health and Environment by the National Association of Home Health Agencies. It endorses legislation which Congressman FRASER and I have introduced, the Home Health Services Act of 1975 which would expand our programs of home care for the elderly as a cost-saving alternative to institutionalization in hospitals and nursing homes. The statement is as follows:

The National Association of Home Health Agencies supports H.R. 1736 and the Home Health Services Section of H.R. 2954 that provides grants for expansion of Home Health Services and training of personnel to provide Home Health Services. We urge the Committee to retain this section in their bill.

In a speech to the American Association of Retired Persons on January 20, 1975,

Casper Weinberger, Secretary of HEW, stated:

". . . It is becoming increasingly obvious that government reimbursement programs are encouraging this warehousing of Older Americans. Government reimburses more for institutional care than it does for care in the patient's home. Because home health services have been under-financed by government, programs like Medicare, Medicaid and public medical assistance provide home health service benefits for only a narrow segment of the older population. That is the way the laws are written.

This is perhaps the major reason why people end up in institutions—it is the only way they can receive care for long-term illnesses. Yet what we are often dealing with among many older people is primary social and economic dependency, not a need for health care in an institution.

These social and economic needs could often be met much better and less expensively with home care programs that would allow older people to remain in their own homes—where they would rather be anyhow.

Nursing homes are not cheap to build. Nor is care in them cheap: The cost of caring for a person in a nursing home now averages around $12,500 in New York City. For example, nursing homes cost the Medicaid system over $600 million annually in New York State. Taking into account current construction plans in that State, which call for a substantial increase in nursing home and similar beds over two years, nursing home Medicaid costs will soon exceed $1 billion in that State alone.

Many of these additional beds would in all likelihood not be needed if adequate home care programs existed. And depending on the level of care needed, care of the elderly at home could be financed for between $3,000 and $9,000 a year.

But today, home services do not exist on anywhere near the scale needed. Nor do we have the reimbursement mechanism to meet the total need. Yet both economics and common humanity argue that we should have these home-care services.

From the recent past to the present, our concerns have been necessarily limited to getting nursing homes up to standard. That work must continue. But for the future, our concerns must also encompass the broader range of treatment options for long-term care of the aging—home health services, nursing homes, outpatient clinics and hospitals . . ."

In spite of the mounting evidence that Home Health Care would be both a cost effective and humane approach to providing needed care, the number of home health Medicare certified agencies dropped from 2,350 in 1970 to 2,247 in 1974 due to restrictive interpretation of the Medicare home health benefit and other funding problems. About half of the agencies provide only two types of services—nursing plus one other—instead of a full range of services. Hospital based home care programs, which often offer a wide range of services, have found the same problems in trying to expand as have the community-based agencies. Only 230 of a total of some 7,000 hospitals have such programs. In addition to expansion funds, training funds are needed:

To *increase* the availability of trained home-oriented paraprofessional personnel;

To *provide* business management training for Agency administrators, and

To *provide* continuing education for existing staff.

Presently, the Medicare, Medicaid Program does not provide an adequate reimbursement mechanism to create resources for development and expansion. Payments from these programs are made to certified Home Health Agencies only after services have been rendered and make no allowance in their cost formulas for development and expansion of Home Health Services. The service expansion funds would enable these existing Home Health Agencies to:

a. Extend services into unserved areas;

b. Add Homemaker/Home Health Aide services and other services to existing home health agencies;

c. To expand the number of services an existing home health agency can provide;

d. Improve the quality and cost-effectiveness of home health services, for example, improving staff productivity, developing a utilization review program, or an improved system of service demonstration to reduce paperwork, etc.

Many health education programs do not include a home health service field experience program in their curriculum. We urge the Committee to require that all educational institutions receiving federal funds be required to include such a program in their curriculum.

The increasing costs of health care alone dictates that we need to provide ready access to Home Health Services for all Americans as an effective alternative to institutional care. This requires that funds be appropriated *now* to develop a supply of quality home health services that is capable of meeting the increased demand.

Therefore, we strongly urge you to retain the Home Health Services section in the Committee bill and include a requirement that all educational institutions training health professions include a home health field experience program in their curriculum.

Thank you for the opportunity to submit our views on this vital issue.

THE RECORD OF ARAB TERRORISM

HON. ROBERT N. C. NIX

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. NIX. Mr. Speaker, yesterday I inserted in the RECORD the first of three installations of a list of Arab terrorist incidents committed since the 6 day war in 1967.

Today, I continue the grim record of terror for the years 1970–72. These years include such incidents as the massacre at Lod Airport of 28 civilians by Japanese terrorists working for Palestinian terrorists, the beginning of the "letter bomb" campaign, and the bloody attack on Israeli athletes at the Munich Olympics.

The material follows:

CHRONOLOGY OF TERROR

Jan. 1—A grenade tossed into a Jerusalem market place kills one Arab and wounds four. In Hebron, West Bank, a grenade thrown at an Israel army vehicle kills two Arabs and injures another.

Jan. 9—Christian Belon, a Frenchman, hijacks a Rome-bound TWA jet to Beirut. While praising the act, the PFLP denies any involvement. Released five days later, Belon is invited to be the house guest of Lebanese Interior Minister Kemal Jumblatt.

Jan. 21—Israelis strike across the Jordanian border at guerrilla camps in Safi. Guerrillas fight back, five are killed. Jordanian and Saudi Arabian troops participate.

Jan. 24—An ammunition-filled truck explodes in Eilat, killing 18 Israel soldiers and injuring 42. El Fatah and the PFLP both claim credit.

Feb. 10—A grenade blast in Khan Yunis, Gaza strip, injures 84 Arabs and one Israeli.

Feb. 10—Eleven passengers are wounded and one Israel passenger killed when two Jordanians and one Egyptian hurl grenades into an airport transit lounge and an airport bus at Munich Airport. The bus was carrying the passengers, including Israel Defense Minister Moshe Dayan's actor son, Asaf, to a London-bound El Al jet. The PFLP and the Action Organization for the Liberation of Palestine both claim credit. Israel radio claims the Syrian government supplied weapons. (Three days later, a fire in a Munich community center kills seven elderly Jewish residents; police suspect arson.)

Feb. 17—Police at Munich Airport arrest three armed Arabs suspected of planning to hijack an Israel airliner.

Feb. 21—Forty-seven passengers and crew die as a Swissair jet en route from Zurich to Tel Aviv explodes over Switzerland. Among the 13 Israel victims are Hebrew University professor Dr. Hanoch Milvitzky, head of the Department of Chest and Heart Surgery, and Hanoch Lev-Cochav, former Director of the Israel Labor Ministry. In Beirut, the PFLP takes credit, but retracts two days later. The same day, an Austrian Airlines jet, carrying Israel-bound mail from Frankfurt to Vienna, lands safely at Frankfurt after a bomb rips a hole in its belly 11 minutes after take-off.

Feb. 22—Olympic airliner hijacked in flight from Beirut to Athens.

Feb. 24—Terrorists fire on a tourist bus in Haloul, West Bank, killing an American woman and injuring two others.

Feb. 27—Grenade attacks in Gaza kill one Arab boy and injure 39 others.

Mar. 11—Terrorists strike in Gaza. Grenades wound 22 persons waiting for a bus. Terrorists blow up an Israel labor office in Jabaliya. Two Israel civilians die in a grenade attack near Khan Yunis.

Mar. 19—A bomb explosion in Gaza's central square injures 12 Arabs.

Mar. 29—Terrorists blast U.S. property in Beirut, exploding a bomb 300 feet from the American embassy. The PFLP takes credit.

Apr. 16—Palestinian demonstrators and guerrillas attack the U.S. embassy in Amman and set the American cultural center on fire. Saiqa, the Syrian-backed terrorist group, claims the demonstration was in protest against the upcoming visit of U.S. Assistant Secretary of State Joseph Sisco.

Apr. 23—A terrorist grenade injures three American tourists and a dozen other persons in Nablus.

Aug. 25—Explosion in El Al office in Istanbul.

May 4—Two El Fatah members kill the wife of the Israel embassy's first secretary in Asuncion, Paraguay. They had intended to murder the Israel ambassador.

May 22—Eight children and three adults die and 21 are wounded when terrorists ambush a school bus in Avivim. The PFLP claims responsibility.

May 29—Israel troops in Kibbutz Maoz Haim kill 11 Arab terrorists crossing the frontier from Jordan.

June 7—Terrorists in Amman kidnap Morris Draper, a U.S. embassy diplomat, and release him the next day.

June 9—Explosion in El Al office in Teheran.

June 10—El Fatah terrorists in Amman kill Maj. Robert P. Perry, U.S. embassy assistant army attache, as they invade his home. The PFLP holds 58 foreigners hostage in two Amman hotels; they are released unharmed four days later.

June 12—A nine-year-old girl dies and eight other persons are wounded by a rocket explosion in a Beisan playground.

June 28—Terrorists fire on Kiryat Shmonah, killing one Israeli and wounding another.

July 2—An Israel patrol in the West Bank intercepts and kills nine terrorist infiltrators.

July 22—Six terrorists hijack an Olympic Airways jet en route from Beirut to Athens.

They release the 53 passengers in Athens after the Greek government promises to free seven Arab terrorists from prison. The Popular Struggle Front in Damascus claims responsibility. The guerrillas take the plane to Cairo where they are greeted by a representative of President Nasser.

Aug. 5—Terrorist shells injure five Israel teenagers in Metulla.

Aug. 21—Terrorists in Amman kidnap Salim al-Sharif, a prominent Palestinian editor, thought to favor a Middle East settlement.

Sept. 6, 9—The PFLP hijacks TWA, Swissair and BOAC jetliners to the Jordanian desert. The planes are blown up Sept. 12 after evacuation of all the passengers. Some 55 Western nationals are held hostage in Jordan, the last not released until Sept. 29.

Sept. 6—PFLP terrorists seize a Pan American 747 jet bound from Amsterdam to New York and force it to land in Beirut, where it is loaded with explosives. After continuing to Cairo, the plane is blown up less than two minutes after the 173 persons on board are evacuated.

Sept. 6—Two PFLP terrorists fail to hijack an El Al plane bound for New York from Amsterdam, with 155 on board. Security guards kill one hijacker, an American; Leila Khaled, an accomplice, is handed over to London authorities; she is later released.

Sept. 16—Fighting in Amman between Jordanian army troops and Palestinian guerrillas erupts into a nine-day civil war.

Oct. 6—Two parcels with grenades addressed to the Embassy of Israel in London and the El Al office there found in the BOAC London office.

Nov. 6—Terrorists explode two bombs in the Tel Aviv central bus station, killing one and wounding 34; El Fatah claims credit.

Dec. 19—Israelis and terrorists trade fire across the border near Ainata, Lebanon; three guerrillas die.

1971

Jan. 2—A terrorist grenade kills two Israeli children, aged seven and five, when their car is blown up in Gaza.

Feb. 2—Forty-four pounds of explosives hidden in a tire go off in a Gaza post office, injuring 61 Arabs.

Apr. 19—Police thwart a plot to set off fire-bombs throughout Israel during the tourist-packed Passover season.

Apr. 19—A group of five terrorists (an elderly French couple, two sisters from Morocco and a French tourist) seized on arrival in Israel.

Apr. 21—Three Israel army officers die and four are wounded when their vehicle hits a terrorist mine in Beit Govrin.

May 17—Four armed terrorists kidnap and murder Efraim Elfrom, Israel Consul-General in Istanbul.

June 6—Two Arabs are found dead in Gaza—the 49th and 50th killed in the terrorist campaign against "collaborators."

June 11—A speedboat attacks an Israel-chartered oil tanker near the Bab el-Mandeb straits, 1300 miles south of Eilat. The PFLP claims credit.

June 11—Two Arabs die in a terrorist grenade blast in Gaza.

June 12—A terrorist bomb kills two Arabs and wounds 89 others in a crowded Gaza bus.

June 24—Two Arabs die and 44 persons are injured in Khan Yunis, Gaza strip, by a grenade tossed into a market.

July 7—Terrorist rockets kill four persons, including a five-year-old girl, and wound 30 others, in Petah Tikva.

Sept. 5—Two attempts in El Al planes on their way from New York to Israel thwarted. Explosive charges smuggled in by women tourists, one from the Netherlands, the other from Peru. Both women arrested on arrival at Lod, but later released as they had been unwittingly used by two Arab terrorists.

Sept. 8—A Palestinian terrorist armed with a hand grenada hijacks a Jordanian jetliner en route from Beirut to Amman. After landing in Benghazi, Libya, where the hijacker surrenders, the plane flies the passengers to Amman.

Sept. 19—A four-year-old Arab girl dies and five tourists are injured in a grenade blast in Jerusalem.

Nov. 28—Jordanian Prime Minister Wasfi Tal is gunned down in the Cairo Sheraton Hotel by Black September.

Dec. 15—A gunman in a crowded London intersection opens fire on the limousine of the Jordanian ambassador to Britain, who suffers hand wounds.

Dec. 26—An Arab woman in Gaza is killed by a grenade.

1972

Jan. 4-6—Israel police in Jerusalem and Tel Aviv intercept more than a dozen parcel bombs addressed to Israel public officials.

Jan. 6—An Israel Defense Ministry engineer is decapitated while inspecting construction sites in the Golan Heights. His murderers flee with his head into Syria.

Jan. 10—Three terrorists firing rockets into Safed are killed by an Israel army patrol.

Jan. 11—Three guerrillas die in a raid on Kibbutz Yiron.

Jan. 16—Terrorists attack an American Baptist hospital car in Gaza, killing an American nurse and wounding a Baptist minister and his daughter.

Feb. 6—Oil tanks set on fire in the Netherlands by members of Black September.

Feb. 6—Five Jordanians murdered in West Germany by Black September on charge of collaboration with Israel.

Feb. 8—A plant manufacturing motors blown up in Hamburg.

Feb. 22—Arab terrorists seize a Lufthansa 747 jet en route from New Delhi to Athens and take it to Aden. Among the 172 passengers is Joseph P. Kennedy, III, son of the late Senator Robert F. Kennedy. Lufthansa pays $5 million ransom.

Feb. 22—Oil pipeline damaged near Hamburg (Black September).

Feb. 23—Terrorists from Lebanon fire a bazooka point blank at a young couple who have just left a Bar Mitzvah celebration in northern Israel; both die.

Feb. 24—Two Israel soldiers die in northern Israel when terrorists attack their car.

May 8—Four Black September terrorists hijack a Sabena 707 in a flight from Brussels to Tel Aviv. After holding the plane and its 97 passengers and crew captive for 21 hours at Lod Airport, they are overpowered by Israel paratroopers masquerading as repairmen. Two hijackers and a passenger die.

May 30—Three Japanese terrorists working for the PFLP methodically machinegun dozens of people at Lod Airport terminal. Twenty-eight victims die, including 16 Puerto Rican pilgrims and Prof. A. Katzir-Katchalsky, noted Israel physical chemist. Seventy-eight are injured. Two terrorists die.

June 20—Terrorists in northern Israel ambush a tourist bus, killing two.

Aug. 5—Oil tanks blown up in Trieste by Black September.

Aug. 16—Two Black September terrorists induce two British girls to carry a bomb-loaded phonograph on an El Al 707 jet at Rome. The plane takes off, withstands the blast and returns safely.

Aug. 25.—A grenade tossed into the crowded central square in Gaza kills one Arab boy and injuries 25 Arab workers and one Israeli.

Sept. 4—Hal Rashad Shawa, mayor of Gaza, escapes assassination as his car is raked by grenades and small arms fire.

Sept. 6—Black September terrorists invade the rooms of the Israel Olympic team at Munich. Two Israel team members are murdered outright. Terrorists kill nine others at a Munich airbase when German sharpshooters fail in a desperation ambush. Five terrorists die in the fray.

Sept. 10—Member of Israel Embassy in Brussels shot and wounded by Black September.

Sept. 19—Booby-trapped envelopes sent out by terrorists to addresses in Israel and abroad. One of them kills Dr. Ami Shechori, Agricultural Counsellor, the Israel Embassy in London.

(This incident starts Black September's letter-bomb campaign. By November 1, more than 65 booby-trapped letters had been sent to Israel embassy officials and business offices around the world, President Nixon, New York Hadassah leaders, Jordanian government authorities, and a 75-year-old Jewish woman in Dusseldorf. Many mail-bombs bore Dutch or Malaysian postmarks.)

Oct. 29—The three surviving Palestinian guerrillas from the Munich massacre are freed by West Germany as two Black September terrorists hijack a Lufthansa 727 jet to Libya.

Dec. —Terrorist group uncovered in Greece. Planned to arrive by ship to Haifa on a suicide mission. The terrorists came from Lebanon.

Dec. 20—A bobby-trappd motor car left the Lebanese Fatah base Nahar Al-Bared and arrived in Europe in order to sabotage an Israel Embassy.

Dec. 24—Terrorist arriving from Beirut arrested in London in possession of weapons and explosives, which he planned to use against an Israel embassy in Scandinavia.

Dec. 28—Six members of the Israel diplomatic mission to Bangkok seized and held as hostages. They were released after 19 hours. The terrorists flew to Cairo.

CORPORATIONS SHORT CIRCUIT STATES TOO

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. HARRIS. Mr. Speaker, corporations not only dodge Federal taxes and enjoy tax advantages in Federal tax laws, they also "get away with murder" at the State level. James Rosapepe in a January 1975 article in the Washington Monthly shows how increased tax revenues can come to State governments with a minimal of effort—auditing. For example, in my own State, he points out, the first year Virginia audited out-of-State corporation tax returns, the Commonwealth collected more than $1 million from 54 multistate corporations. California, he says, gets $9 in new revenue for every dollar spent on corporate field audits.

I would like to share this concise and illuminating article with my colleagues. It follows:

CORPORATIONS AND STATE TAXES: THE BIG ONES GET AWAY

(By James Rosapepe)

(NOTE.—James Rosapepe was staff director of Fred Harris' Tax Action Campaign.)

To the average taxpayer, battered for years with reports of tax dodging by the nation's biggest corporations and richest families, new revelations of tax avoidance by the big boys tend to lack shock value. Nelson Rockefeller didn't pay a penny in federal income taxes in 1970. So what else is new?

But even the most cynical of us may be surprised by the estimate by some of the nation's top state tax officials that perhaps half the tax money legally owed state governments by the big corporations goes uncollected every year. "Avoidance of state tax

liabilities by America's largest corporations has reached scandalous proportions," says Byron Dorgan, North Dakota's 32-year-old state tax commissioner. Lost revenue totals "hundreds of millions and perhaps billions of dollars," Dorgan estimates, and it is the result not of the legal forms of tax "avoidance" so characteristic of loophole-ridden state corporate tax laws, but of good old-fashioned, illegal, tax evasion. The reason they get away with it is simple: most states can't enforce the tax laws.

When Virgina changed its tax laws in 1972 from "straight line" depreciation to the much more generous "accelerated" depreciation allowed under federal law, state tax officials were surprised to find that most companies were not saving any money as a result of the change. After some inquiries, the officials discovered why: the companies had been using the "accelerated" depreciation schedules for years, in clear violation of Virginia law. But as the state's Deputy Tax Commissioner, Stuart Connock, explains, "The Department never checked, and the companies sure didn't volunteer the information."

A similar situation prevails in Illinois, which collected almost $235 million in corporate taxes in 1972. State Revenue Department official Harry Spellman told the *Chicago Tribune* last year that "if we spent $2 million [to improve the system], we could recover $50 million more." If the scale of evasion prevalent in Illinois is typical of that in the rest of the nation—and there is no reason to think it is not—non-payment of corporate taxes probably cost the 50 states over $700 million in 1972.

Corporate income taxes are not the only state taxes evaded on a large scale by businesses. For example, Albert Stoessel, former president of the Iowa Petroleum Association, estimates his state loses $50 million a year in uncollected diesel fuel taxes—a particularly hard area to enforce, since diesel fuel is chemically similar to non-taxed home heating fuel. Sales taxes are another area of undoubted abuse. Bill Brown of the Committee on State Taxation, a big-business group known as COST, claims, "There's a lot more sales tax revenue that they are not collecting than they have any idea. I say that on the basis of what the companies tell us in confidence." Illinois officials say they are losing around $25 million in cigarette tax revenue alone, and they won't even guess about total sales tax losses.

According to a 1974 report by New York State Comptroller Arthur Levitt, the state has been losing millions of dollars because the tax department has never collected from some 31,000 employers who have failed to turn over state taxes withheld from their employees' paychecks.

TAKING OFF THE GLOVES

Over the last few years several states have toughened up their enforcement efforts. Their experience demonstrates that massive corporate tax evasion is no myth—and that it is surprisingly easy to control.

Until 1973, Virginia had never sent its auditors to out-of-state corporate headquarters to check corporate tax returns. In the first year it started doing so, the state collected more than $1 million from 54 of the 6,000 multistate corporations doing business in Virginia. "In a lot of cases it was just a matter of dropping by the corporate offices to pick up the check," one Virginia tax official said. "They knew they owed us the money, but we'd never asked for it before." Fifty-four down, only 5,946 to go.

In North Dakota, Commissioner Dorgan's aggressive enforcement efforts increased the state's corporate tax receipts by nearly 30 per cent in two years. Since 1969 an average of 20 per cent of this revenue has been collected from audits, and Dorgan thinks he's just scratched the surface. Idaho, too, has collected 20 per cent of its recent corporate tax revenues through auditing, and the state's Chief Corporation Auditor, Frank L. Medlin, says improved enforcement efforts will soon yield even more "sizable tax recoveries."

But the best illustration of what a good auditor's division can do is in California. The state's Franchise Tax Board has 240 corporate auditors who collected an extra $51 million in 1972, including $35.8 million from field audits of 6,026 multistate corporations. To these substantial savings must be added the millions of dollars businesses paid voluntarily, aware that they were likely to be audited. Admitting in a *Wall Street Journal* interview that California has the toughest corporate tax enforcement around, U.S. Steel's Director, Arthur Hauser, said, "If we could get out of there, we would save a lot of money."

The most obvious difference between California's enforcement program and those in other states is its extensive network of trained auditors. In addition to its in-state staff, California has 200 field auditors located throughout the country, including those permanently based in offices in New York and Chicago. Idaho, by way of comparison, has six corporate auditors, all operating out of Boise. Even when the difference in the two states' population is taken into account, California clearly is devoting a greater effort to its program. You don't have to be a Wall Street tax lawyer to figure out which state ITT or GM is more likely to try to bilk at tax time.

Most other states resemble Idaho rather than California. Kentucky has 45 field auditors, who are responsible for auditing sales and personal income as well as corporate taxes. Vermont has 12. The deficiencies in Missouri's auditing operation are so great that U.S. District Court Judge William R. Collinson declared in a recent decision that "the enforcement of the tax laws in this state is notoriously lax and slipshod, apparently because the legislature will not appropriate the money to employ sufficient persons to even begin to adequately police the system."

"One of the facts of life is that most states are limited in resources," confesses Eugene Corrigan, executive director of the Multistate Tax Commission, a joint agency of 21 state governments. "They just can't afford the major operation of auditing a giant corporation." Corrigan points out that it's the multistate, and often multinational, corporations with dozens of subsidiaries that are the source of most state enforcement problems.

"We don't have the resources or personnel to go to New York and audit the tax books of U.S. Steel, for example," admits Missouri's state revenue director, James R. Spradling. "It takes highly knowledgeable, highly trained people to audit giant companies like that," adds Corrigan, "and most states just don't have them."

CLOSED BOOKS

To solve that problem, the Multistate Tax Commission (MTC) was set up in 1967 to audit firms which operate nationwide. "These big corporations are not above telling different stories to each state—telling Illinois for example that certain income was produced in Indiana and telling Indiana the income came from Illinois," Corrigan explains. "What we are trying to do is joint audits for several states so a company can't do that." In the first nine months of the Commission's joint audit program, it recovered $2.5 million for the states from just ten corporations.

But as the states have closed in on the corporate tax evaders, North Dakota's Dorgan says, "We've run into really vicious resistance." A dozen of the nation's top corporations, including U.S. Steel, Proctor and Gamble, General Mills, and Standard Brands, have so far refused to open their books to the MTC's auditors. And a coalition of 82 large corporations, led by these firms and joined by, among others, ITT, Green Giant, IBM, and International Harvester, have sought an injunction from the U.S. District Court in New York to put an end to joint corporate audits and to disband the MTC (the companies claim it is an unconstitutional compact among the states). The case has been pending for two years as lawyers for each side keep exchanging briefs, and no decision is in sight. The leaders of the MTC see the lawsuit as a diversionary tactic aimed at keeping the Commission busy defending its very existence rather than uncovering corporate tax evasion. "I spend days on end answering court papers," Corrigan says.

Meanwhile, the same corporations are prowling the halls of Congress, attempting to short circuit the MTC through federal legislation. Coordinating the fight is the pro-business COST, whose members include a number of the companies that are plaintiffs in the New York suit.

The principle which underlies the companies' various efforts, as explained by Bill Brown of COST, is as follows: "It's not a case of the states versus business, at all. Our view is simply that the commission is not acting within the law." Brown claims that corporate executives in his group do not object to joint audits in principle; rather "our members are concerned about the rules and regulations on auditing adopted by the MTC." While corporate spokesmen prefer to characterize their dispute with the MTC as "technical," Brown admits "the biggest problem is divided and foreign source income."

This matter of "foreign" income is a complicated question, near the heart of the states' tax problems. Most states determine a multistate corporation's tax liability by calculating the firm's nationwide profits and then applying the state corporate tax rate to the state's proportional share of those profits. The big corporations' major objection to the MTC is that it treats foreign source and dividend income just like any other income and requires conglomerates and multinationals to be taxed as a complete unit, the way the corner drugstore is. The ins and outs of this are too complicated to explain briefly, but enough money is at stake that the companies have mobilized for a real fight in Congress.

PUTTING CALIFORNIA IN ITS PLACE

COST's major efforts in this session of Congress have been on behalf of S. 1245 (sponsored by liberal Senators Charles Mathias, Abraham Ribicoff, and Hubert Humphrey). The key provision of S. 1245 would, in most cases, bar the states from taxing profits from foreign sources and dividends from corporate subsidiaries. Thus, by excluding foreign profits and other dividends, S. 1245 limits the taxable income of multinationals, like the oil companies, and of conglomerates with far-flung subsidiaries, like ITT. Brown of COST points out that only two or three states, among them California, now tax these dividends, and he stresses that S. 1245 would guarantee "uniformity" by getting these states, as well as the MTC, in line.

Byron Dorgan denounces S. 1245 as "a massive tax giveaway program for the largest corporations," and so far he and his colleagues at the MTC have managed to keep the bill bottled up in the Senate Finance Committee.

But the fight continues at the state level as the big corporations try to undermine the MTC and its joint audit efforts. Earlier this year, when Missouri Revenue Director James Spradling asked the state legislature for permission to join the Commission's joint audit program, large corporate interests, including the Missouri Oil Council, led the opposition. In Indiana, the State Chamber of Commerce

has announced that "efforts to end Indiana's participation in the Multistate Tax Compact" is one of its top lobbying priorities in the 1975 legislative session.

Given the widespread political popularity of taxing giant corporations, it is somewhat surprising that Dorgan is just about the only state official who has attempted to focus public attention on corporate tax evasion. One reason may be that he is the only elected tax commissioner in the nation. While California's corporate tax laws are supervised by the Franchise Tax Board, which is made up of two elected officials and one appointee, its chief administrative officer is appointed. And in the great majority of the other states, the position of tax director is appointive, similar to the Commissioner of the Internal Revenue Service at the federal level.

Like so many appointed officials at any level of government, many state tax directors tend to see as their constituency not the public but the big corporations they are supposed to audit. Or they may develop incestuous personal and professional relationships with the companies. Illinois Revenue Director Robert Allphin is on leave from his regular job as tax manager of Pittsburgh Plate Glass. Paul Dillingham started out with the Kentucky Revenue Department and now manages Coca Cola's tax business as a corporate vice president, while Arizona State Tax Commission Chairman John Hazelett previously handled state tax matters for an aircraft firm. A familiar story, but it helps explain why state tax officials are not beating down the doors of the daily press with exposes about corporate tax evasion.

This particular case of governmental surrender to corporate pressure would be discouraging if the solution were not so obvious: auditors, auditors, and more auditors. Experience in dozens of states shows that when the corporations are audited, they pay more taxes; when they are not audited, they pay less. For example, of the 13,736 corporations that California field audited in 1972, 44 per cent owed the state more money and only five per cent had been overtaxed.

Indeed, for a governor or state legislature trying to balance the state's budget, tax auditing is one of the few areas in which the state can save money by expanding the payroll. State auditing of large, multistate corporations normally returns to the states anywhere from $5 to $10 for each dollar spent on auditing. In its first year of corporate field audits, Virginia was earning a return of 12 to 1. Obviously the ratio will decrease as the state moves from detecting the most obvious evasion to more sophisticated and complex cases. But even California, with its highly developed audit operation, still produces nearly $9 in new revenue for every dollar spent on corporate field audits.

For years the federal government has known that the best way to insure voluntary compliance with income tax laws is to have a staff of auditors ready to catch reluctant taxpayers. It's time for the states to apply the same principle to the corporations.

STEEL'S NO-STRIKE PACT VINDICATED

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. GAYDOS. Mr. Speaker, while members of other labor unions are queuing up in unemployment lines today, the Nation's steelworkers generally are looking forward to a good work year. One of the reasons for this is the no-strike agreement negotiated by the United Steelworkers of America and the basic industry 2 years ago.

I. W. Abel, president of the USWA, says the pact, which appears to have put an end to the boom-and-bust cycles that formerly gripped the industry every 3 years, has been vindicated. "It justified our feeling, our faith, that we, in fact, had found a better way," Mr. Abel has said.

Mr. Speaker, I am inserting into the RECORD for the consideration of my colleagues an article which appeared in the January 31 issue of the Pittsburgh Press which describes the present status of the steel industry. I am certain they will find it interesting and informative:

STEEL HUMMING AS OTHERS LAG

(By Dale McFeatters)

WASHINGTON.—While members of other unions are being laid off, I. W. Abel's basic steelworkers are fully employed and are likely to remain so throughout the year.

And that, said the president of the United Steel Workers (USW) union, is vindication enough of the controversial experimental negotiating agreement—a no-strike agreement with the basic steel industry that made Abel's name anathema to the far left.

Thanks in large part to that two-year-old agreement, Abel said, the steel industry "today is an island of relative economic stability amidst a dangerously declining economy." He listed these developments:

Despite the drop in auto industry and construction orders, industry order books are full for the year. Orders from the oil and shipbuilding industries make up the difference.

Imports have been cut from 18 million tons of steel to 13 million tons while exports are up from two million to six million tons. Abel said that's because American steel salesmen can now guarantee delivery without fear of a strike.

Industry profits are among the highest ever, employment is steady and the average hourly wage this month is $6.94.

Under the agreement the union pledged well in advance of contract expiration to forgo a national steel strike.

In turn, the steel industry agreed to certain guaranteed wage and fringe improvements with any unresolved issues to go to binding arbitration.

The result was a fat three-year contract last year, settled three months early.

The contract also ended the boom-and-bust cycle in the steel industry in which every third year steel users stockpiled massive amounts of steel in anticipation of a strike.

When the contract was settled peacefully—as it has been ever since 1959—the industry would sit idle until the users worked off their swollen inventories.

Abel discussed his 10-year stewardship of the union with a group of labor reporters yesterday.

At 66 and with mandatory retirement when his term expires in two years, Abel's remarks were something of a valedictory.

There was a good deal of self-congratulation, but Abel quoted the late United Mine Workers President John L. Lewis: "He who tooteth not his own horn, the same shall not be tooted."

Other areas where he chose to toot the horn:

The USW has its highest membership ever, 1.4 million, surpassing the stricken United Auto Workers (UAW) as the nation's largest industrial union. It is also the largest union in Canada.

The union's net worth is $109 million, a 500 per cent increase in 10 years.

The union's officers bit the bullet and got a dues structure that will go up as the membership's pay goes up.

And there was the union's effort in getting the Pension Reform Act passed last year, a personal triumph for Abel who fought with Congress and a good bit of the rest of the labor movement to get it passed.

But for Abel it all comes back to the fact that his membership in basic steel is working—"all this means jobs saved, buying power saved, communities saved"—and his experimental negotiating agreement is vindicated.

"It justified our feeling, our faith, that we in fact had found a better way," he said.

SYMM'S REMARKS—EXTENDED TO GEORGIA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. McDONALD of Georgia. Mr. Speaker, some people claim that the CONGRESSIONAL RECORD is filled with remarks that are often inane and of little value, and thus that the RECORD is generally ignored by the media and the public. To whatever extent this may be true, the following confirms that RECORD remarks which are cogent and pertinent to the concerns of the American people do indeed get far more attention than one might expect.

On January 2, 1975, the editor of my hometown newspaper, the Marietta Daily Journal wrote a column based on our colleague STEVE SYMMS' RECORD remarks of December 20, 1974. It is not often that a Republican from the Northwest draws the attention of the media in a Democratic district of Georgia. To have done so is a compliment to the effectiveness of my colleague's satire. The column, entitled "Save Our Santas From Government," detailed the Government's attack on our two Santas, Saint Nicholas and the free enterprise system.

Some may complain that the free enterprise system should not be viewed as a Santa Claus, since Santa brings his gifts free of charge whereas under free enterprise everything has a price. But observe that Santa Claus brings gifts only to those who have been good for the past year; that is, he rewards virtue. Likewise the free enterprise system rewards those who are virtuous, unless one believes that pursuit of happiness, self-respect, self-reliance and productivity are not virtues.

The only thing I would like to add to my colleague's comments is to point out that there is a third Santa, of sorts: Uncle Sam. When he first appeared on the scene almost 200 years ago, his activities were limited to those of policemen and judge. But more and more, particularly in the past 40 years, he has been competing with our other two Santas.

There are, however, some crucial differences among the three.

The mythical Santa, along with his elves and reindeer, works for free. But here in the real world, everything has a cost. The question is: Who pays the price and who receives the reward? Our free enterprise Santa creates wealth: The

price is productive work, the reward is the producer's well-being.

Our Uncle Sam Santa doesn't create wealth, he redistributes it. The producers pay the price, but receive little of the reward. Much of it goes to Uncle Sam's elves, the bureaucrats; they don't work for free. The rest is returned; some to those who produced it, some to those who did not as their reward for being nonproductive.

And so we have a Santa Claus competition. In the real world, however, a Santa who rewards productivity and a Santa who punishes it cannot compete indefinitely. Which one survives depends on what we consider a virtue.

The article follows:

SAVE OUR SANTAS FROM GOVERNMENT

(By Steve McMullan)

Though it has not become public knowledge as yet, it appears that Santa Claus may have made his last trip this holiday season. He's in big trouble with the Federal Government.

This bad news about Santa Claus came to light Dec. 20, when Rep. Steven D. Symms, an Idaho Republican, got up before his fellow Congressmen to detail the crimes of Santa Claus and inform the nation that the jolly man in the red suit might well wind up in Federal prison before another Christmas rolls around.

Rep. Symms remarks were published in The Congressional Record, and are quoted from that source:

"Mr. Speaker, rumors are flying around Washington to the effect that this may have been Santa Claus' last year of operation. Sources within the Federal bureaucracy are privately indicating the jolly old man is in big, big trouble.

"Apparently, from the Federal Government's point of view, Santa has been 'getting away with murder' for years now, 'breaking every law in the book,' as they put it. And indeed, the time has come to crack down on this unconscionable situation.

"Here is the inside scoop on Santa's long list of infractions:

"First, Operating a flying sleigh in absence of certification by the CAB, a clear violation of the Civil Aeronautics Act of 1938.

"Second. Unlawfully competing with the U.S. Postal Service on air mail deliveries.

"Third. Violating EPA requirements for emissions control devices on his reindeer.

"Fourth. Breaking the Sherman Anti-trust Act by maintaining a strict monopoly in his profession.

"Fifth. Violating the Fair Labor Standards Act by failing to pay his elves the minimum wage or proper overtime benefits.

"Sixth. Engaging in unfair promotional advertising designed to prey on the defenseless minds of children, a violation of Federal Trade Commission regulations.

"Seventh. Failing to secure an ICC permit and an assignment of certified routes by the Interstate Commerce Commission.

"Eighth. Violating numerous Operational Safety and Health Administration—OSHA—regulations by operating an 'unsafe workplace.'

"Ninth. Passing out candy canes and goodies not approved by the Food and Drug Administration.

"Tenth. Ignoring the edicts of the Equal Employment Opportunity Commission and the Civil Rights Act of 1964 by failing to institute a quota system in his workshop based on race, religion, sex, and size—too many elves.

"Eleventh. Making toys which were not approved by the Consumer Product Safety Commission.

"Twelfth. Failing to declare the cookies and milk which are out for him as taxable income with the IRS.

"Thirteenth. Transporting firearms across State lines as Christmas presents.

"Fourteenth. Avoiding State and Federal taxes on his sleigh, not to mention licensing, registration, and having an operator's permit.

"Fifteenth. Making various infractions of National Labor Relations Board regulations; including the maintenance of a nonunion shop and unfairly competing with the chimney sweeps' union.

"Mr. Speaker, it is said that these are but a sampling of Santa's more serious Federal offenses, which taken in total, will almost certainly put the man in red out of business for good. At present, we are told St. Nick is frantically searching for a lawyer, but that no one as yet is even willing to come up to his defense. Apparently it is an open, and shut case. Maybe the ACLU will come to his rescue!

"Mr. Speaker, meanwhile, there is another Santa Claus of sorts in this country which operates the whole year 'round. It has served us all well for many many years but is presently in the same predicament as Saint Nick, and as a result, is being pushed to the brink of extinction. It is called the American free enterprise system. Will anyone come to its defense?"

Well put, Rep. Symms. We only hope your colleagues in the House and Senate will take your remarks to heart, and save both our Santas from the Federal Government.

WINTERING OVER IN ANTARCTICA

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. TEAGUE. Mr. Speaker, recently, the groundhog failed to spot his shadow on his "special day." Hopefully, this means spring is not far away. But as we anticipate this balmy season here, winter is rapidly approaching in the Antarctic. About this time in February at McMurdo Station, the sun is very low on the horizon; during the daylight hours it will appear to set as it goes behind Mount Discovery. It then reappears like a sunrise about one hour later on the other side of Mount Discovery, seeming to give two sunrises and sunsets. This continues for about 3 weeks and then it will begin to disappear entirely at McMurdo, a few days later also disappearing at the South Pole, and at about the 21st of March they being their 6 months of darkness.

A group of approximately 50 scientists will conduct laboratory tests and experimentations at the South Pole studying temperature, wind, air currents, magnetic forces, auroras, ice and land formations, conducting trapping operations, and many similar types of studies. These studies are of immense value to the United States and to the world and these same studies are being conducted similarly by other scientists from 11 other nations.

Antarctica is one of the least understood continents of the world, but we are finding out more about it, thanks to studies carried on by the National Science Foundation.

On January 9 of this year, a group of U.S. officials made a trip to Antarctica to participate in the dedication of the new research station named in honor of the first two explorers to reach the geographic south pole—the Amundsen-Scott South Pole Station—which will be the focal point for research there for many years to come.

It was 47° below zero at the dedication—and this was summertime there—so the crews who will man this station are a hardy breed indeed. But the work they do in this stark and pristine environment is exciting, rewarding, and an important link in man's effort to understand himself and his world.

I salute the scientists, technicians, and explorers who have dared the elements to study this frozen wonderland. I would like at this time to reprint in the RECORD the speech delivered by Congressman J. J. PICKLE at the dedication of the new Amundsen-Scott South Pole Station, January 9, 1975. The speech and the program from the dedication follow:

REMARKS BY CONGRESSMAN J. J. PICKLE

Good afternoon, Ladies and Gentlemen: I am honored to be here on this historic occasion. We traveled over 10,000 miles and lost over seventeen hours somewhere along the way to the Pole, and by now I'm not sure how many times I've crossed the Date Line or literally run in circles. Some say that is a natural tendency for politicans—or scientists.

Modestly, I must admit we do not have anything like this in Texas—yet. But as different as it is here, as unique as Antarctica is, I am pleased to note that the South Pole does have one thing in common with my home town of Austin, Texas—the South Pole has exactly the same longitude as my city.

Our industrialized world looks southward towards Antarctica and still views it as the last frontier on earth to be explored or exploited. I suspect that Antarctica looks northward on us and, with some cause, withholds judgment. We have made overtures toward this white-coiffured beauty and she suspects our intentions. We have, in essence, said "we love you", but that is not enough. Like any ardent suitor, we owe her a reaffirmation of our good intentions.

Some of our advances have been ill thought out and we now regret them. We are paying a price for our actions. The massacre of seals and penguins early in the century now deprives us of these things and embarrasses us, so it is much easier to forget these actions.

Fortunately, we have progressed a long way in our suit of mistress Antarctica. We realize that she has much to offer if approached with respect and understanding. The suitors have banded together in the Antarctic Treaty, recognizing one another's rights and privileges, reserving the right to observe another's actions, and sharing knowledge of her character and make up.

Coming through loud and clear is the realization that this cold southern land plays a major influence on our environment, the weather, and the ocean currents. She has things to offer which can be of value to man if used properly, and she can tell us much about our work that should improve our understanding of the world and our use of it.

Under the treaty, measurements and findings made here at the Pole and at other stations around the continent are shared by interested nations. All work on weather is added to other data to contribute to the world weather watch where the information is consolidated with and analyzed with that

from the rest of the world. Correlations made by interested researchers of the annual snow accumulation here at the South Pole show predictive comparisons to temperature variations in the northern hemisphere a decade later.

Unspoiled and undeveloped, this stark, beautiful land waits patiently for us to make further advances. We must combine our efforts as a family of nations to protect her honor. It is to be fervently hoped that no one of these nations will indiscriminately thrust upon Antarctica an unwise attempt at exploitation. By treaty and honor we are bound to woo her and work together and share together the new knowledge that this continent will, in time, reveal to us.

The Congress of the United States has recognized our duty to continue international research and development. We have only just begun. What we learn can be as important or more important than what we learn in outer space.

As a Member of Congress, I state again that our country is interested in research and science and not in careless exploitation or development. We are not unmindful of the many possibilities for development and will not remain inactive if unilateral development is attempted by others, but we continue our pursuit of science as partners, friends, and neighbors. I hope the Congress will remain committed to that course.

If world conditions permit, and if our partners remain steadfast in their agreement to conserve this continent, mankind can grow richer through these programs of international cooperation. This is the one place in the whole world where environment comes first.

The station we dedicate today is yet another announcement to the world that we propose to move onward in the area of polar science. I sincerely commend the National Science Foundation for its prudent and progressive and invaluable work in Antarctic exploration and the projects that have brought these nations closer together. I express my thanks also to the agencies and institutions that are involved and especially the work of the dedicated military and civilian personnel which make this progress possible.

My best wishes to those who follow now in using this station. We hope that their results will continue the progress already underway.

DEDICATION

AMUNDSEN-SCOTT SOUTH POLE STATION

SOUTH POLE STATION, ANTARCTICA,
90° SOUTH,
January 9, 1975.

Schedule of events

Welcome—Dr. Robert E. Hughes, Assistant Director, National and International Programs, National Science Foundation.

Invocation—Lieutenant Commander Merlen F. Howe, Chaplain Corps, U.S. Navy, U.S. Naval Support Force, Antarctica.

Remarks—Dr. Norman Hackerman, Chairman, National Science Board.

Remarks—Honorable J. J. Pickle, Congressman from Texas, United States House of Representatives.

Remarks—Dr. Tore Gjelsvik, President, Scientific Committee on Antarctic Research.

Remarks and Message from President Gerald R. Ford—Dr. H. Guyford Stever, Director, National Science Foundation.

SOUTH POLE STATION

The original Amundsen-Scott South Pole Station, dedicated on January 23, 1957, is named for the first two men ever to reach this isolated spot, Roald Amundsen and Captain Robert F. Scott. It was one of seven scientific stations established by the United States during the International Geophysical Year.

The geographic South Pole was first reached by the Norwegian explorer, Amundsen, and his four companions on December 14, 1911. Approximately one month later Scott and four other Englishmen stood on the same spot. Scott and his party perished on the return journey.

The original South Pole Station, designed to last only a few years, was transported to Antarctica as a group of pre-fabricated buildings and established on the surface of the ice cap. The entire station was airdropped by C-124 "Globemaster" aircraft. Since then it has gradually disappeared under the accumulated snow and today is virtually buried.

Construction of the new station, built primarily by U.S. Navy Construction Battalion Units, commenced in November of 1971. It was designed by architects of the U.S. Navy's Facilities Engineering Command.

The most impressive structure at the New South Pole complex is the aluminum geodesic dome. Fifty meters in diameter, the dome rises from the hard-packed ice surface to 16 meters at its highest point. It houses three buildings containing living and working quarters. Adjacent buildings, protected by large metal archways, contain workshops, laboratories, medical facilities, the power plant, and fuel storage facilities.

The first winter-over crew at the new station will be entirely civilian. The last Navy crew to winter-over left "Old" South Pole Station in November of 1974. A civilian firm, Holmes and Narver Inc., of Anaheim, California, will operate the station under contract to the National Science Foundation.

The new Station is a testament to the early pioneers and to those who continue to dedicate themselves to America's scientific efforts at the bottom of the world.

KISSINGER LETTER REGARDING NATHANIEL DAVIS

HON. EDWARD G. BIESTER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. BIESTER. Mr. Speaker, since the New York Times and Washington Post printed only excerpts of Dr. Kissinger's letter to Organization for African Unity Secretary Mboumoua regarding Nathaniel Davis' nomination as Assistant Secretary of State for African Affairs, I am inserting the full text of that letter in the RECORD for the information of my colleagues:

DEAR MR. SECRETARY GENERAL: The text of the "Consensus Resolution" of the OAU Council of Ministers commenting upon the nomination by the President of the United States of Nathaniel Davis to the important position of Assistant Secretary of State for African Affairs has been brought to my attention by press accounts.

The selection of senior officials for posts in the United States Government is a function of American sovereignty. Unlike the established procedures for accrediting Ambassadors for whom agreement is sought, the selection of Assistant Secretaries of State remains a purely internal, domestic concern. The United States Government would never comment publicly upon the choices of other sovereign governments in filling any of their public offices. Under commonly accepted principles of international decency it has the right to expect the same of other governments, particularly of those whom it has regarded as friends. You will understand, Mr. Secretary General, the depth of my dismay in learning from the press of this unprecedented and harmful act of the Council.

Ambassador Davis, as you know, is a brilliant career officer in our Foreign Service. President Ford and I repose paticular trust and confidence in him. Indeed, he has served with great distinction in high posts in our public service under Presidents Kennedy, Johnson and Nixon as Deputy Associate Director of the Peace Corps, Minister to Bulgaria, Ambassador to Guatemala, Ambassador to Chile and as Director General of the Foreign Service. He is not yet fifty years old. The post to which he has been nominated by the President is one to which we attach very great importance. Mr. Davis was selected in order to give new impetus and inspiration to our African policy. I have full confidence in his ability to fill this vital position with distinction. I am certain that the African statesmen with whom he will be dealing will learn to respect him as I do.

I cannot believe, Mr. Secretary General, that the members of the Council were aware that Ambassador Davis, while serving in the Peace Corps under President Kennedy, traveled widely as Africa, that he was a marshal in the great 1963 Civil Rights March in Washington led by Dr. Martin Luther King, that he has served for periods totaling five years as an Assistant Professor at Washington's leading black institution, Howard University, and that he has devoted many years of his spare time as a volunteer worker among the disadvantaged black citizens of Washington. I am truly saddened to learn of the manner in which the Council has besmirched the reputation of this outstanding man who was selected precisely because we believed that he possessed the breadth of view and the compassionate understanding for a new approach to this vital position. To suggest that such a man has a mission to "destabilize" Africa, a continent with which we have enjoyed excellent relations and in whose development it is our policy to assist is unacceptable and offensive. (I might also add that the word "destabilize" is one coined by a newspaper reporter, not one ever used by any U.S. official to describe our activities in any country.)

I would ask you to communicate to the African heads of State at the earliest possible moment the text of this message in order that the regret felt in the United States over this unfortunate and unfair action is well understood.

THE UNITED NATIONS: A DYING DREAM

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. CRANE. Mr. Speaker, for some time it has been apparent that far from being a force for peace, the United Nations has been a disruptive force, encouraging terrorism and international disorder rather than opposing and ending it.

The United Nations has welcomed such totalitarian states as Communist China to membership while expelling such other member states as Taiwan, which has never been in violation of the Charter. The United Nations has welcomed the

leaders of nongovernmental and terrorist organizations such as Yasir Arafat of the Palestine Liberation Organization, while suspending such long-time member states as the Republic of South Africa. The U.N. has repeatedly passed resolutions condemning the actions of such nations as Israel and Portugal, while remaining silent about the mass murders which have been committed by the Soviet Union, the Communist Chinese, and a number of dictational regimes in Africa.

Unfortunately, it has been our own Government which has been largely financing the disruptive activities of the United Nations. This must be changed, and to effect such a change I have introduced legislation which would reduce our contribution to the U.N. budget from approximately 31 percent to 5.6 percent. This will be effected by making population, as a percentage of the total population of U.N. member states, the basis for the annual contribution of the United States. The reduction would have meant a savings to the American taxpayer of $338 million in 1973.

Most important is the need for us to realize that the U.N. has become not a hope for peace but a potential cause of disorder. Discussing the initial hopes many held for the U.N. and the reality of that organization today, columnist James J. Kilpatrick points out that—

> It was a mission impossible, designed to self-destruct. The Security Council has not maintained peace, and the Assembly has degenerated into a mere tom-tom, sounding the beat of Third World propaganda.

The most recent session of the U.N. General Assembly should convince even the U.N.'s long-time friends and supporters in this country that their good will has been abused and that the dream they once had has now become a nightmare. Discussing that session, The Chicago Tribune noted that—

> The Third World flouted rules and custom and a common respect for decency . . . The spreading miasma of bias and hatred permeating the U.N. can produce only revulsion and mistrust on the part of the more developed democracies . . .

I wish to share with my colleagues the column, "A Dream Dying?" by James J. Kilpatrick, which appeared in the Washington Star-News of January 7, 1975 and the editorial "Suicidal Impulses at the U.N.," which appeared in The Chicago Tribune of December 29, 1974, with my colleagues, and insert them into the RECORD at this time:

[From the Washington Star-News, Jan. 7, 1975]

A DREAM DYING?

(By James J. Kilpatrick)

NEW YORK.—The United Nations is one of the great tourist attractions of New York, ranking ahead of the Bronx Zoo and behind Rockefeller Center, but it becomes increasingly difficult to perceive any other useful purpose in the U.N.'s continued existence. Little would be lost if we sawed it away from the East River and let it float out to sea.

When it came into being, nearly 30 years ago, it was supposed that the U.N. would do three things: The Security Council would maintain international peace; the General Assembly would provide a forum for responsible international debate; and the associated agencies would perform certain international services.

It was a mission impossible, designed to self-destruct. The Security Council has not maintained peace, and the Assembly has degenerated into a mere tom-tom, sounding the beat of Third World propaganda. Only the associated agencies have functioned according to plan, and these would have done as well if the U.N. had never come into being.

Colgate W. Darden Jr., one of the wisest Americans of this century, is among many idealists who have given up on the U.N. Darden will be 78 next month. As a young man, scarred by the brutal horrors of Verdun, he campaigned for the League of Nations. He served as wartime governor of Virginia, later as president of the University of Virginia. In 1945, he threw his energies behind the U.N. Ten years later, he served as a U.S. delegate to the General Assembly.

A few weeks ago, Darden spoke at Virginia Military Institute of his mounting disillusion. He had not changed his mind about the need for machinery to promote world peace; he did not believe that "world government" could be made to work, and he saw "little real hope" in the United Nations.

"The U.N.," said Darden, "has shown with its greatly enlarged membership a marked disposition to impose unreasonable burdens upon the more advanced industrial nations. It appears bogged down in petty bickering and self-serving ventures.

"We witness tug-of-war between the undeveloped and the developed nations rather than reasonable collaboration which is essential if the pressing problems overhanging us are to be solved, or even dealt with effectively. The structure of the present organization should be re-examined, and if it cannot be revamped so as to bring about a reasonable balance between the members it should be abandoned and some other plan devised."

Former Senator Peter Dominick of Colorado voiced the same view in a farewell address to the Senate last month. Like Darden, he has seen war at first hand; he has consistently supported the U.N., "imperfect though it may be," as a useful mechanism for world peace. Now he too is fed up.

"The 1974 General Assembly," said Dominick, "by reaching new heights of irresponsibility and hypocrisy and setting new records for ignoring its own rules has made it crystal clear that, far from representing a hope for peace, it is in fact an obstacle to it."

What would happen if the United States formally withdrew from the U.N.? Nothing very much. The United Nations would sputter along for a few years, passing windy resolutions and making impotent gestures, but the structure of world power would not be altered. Questions of war or peace would be resolved as they always have been resolved, by arms or by negotiation. The international service agencies, even now headquartered in Geneva, Berne, Montreal, Rome and Vienna, would function as before.

It would be charged, of course, that the United States had killed the U.N., but the charge would be untrue. A dream dies of its own accord when the dreamer awakes. Darden and Dominick, who believed in the dream, speak for many U.N. supporters who now see the dream disolve.

[From the Chicago Tribune, Dec. 29, 1974]

SUICIDAL IMPULSES AT THE U.N.

In the dying days of the dying year, those whose hopes have rested with the United Nations must view the future with foreboding.

They have agonized thru a General Assembly session in which the long-suffering United States finally lost its patience and cried that the assembly is ruled by "a tyranny of the majority." With these words, U.S. Ambassador John Scali made it plain that this country is fed up with the knee-jerk majority by which the Third World has repeatedly imposed its prejudiced view on the assembly. The majority, moreover, consists largely of governments which are accustomed to governing tyrannically at home, and have no understanding of democracy as we know it.

Mr. Scali warned that American participation in the U.N. requires the support of the people and of Congress, and "I must tell you honestly that this support is eroding—in our Congress and among our people."

If continued, that erosion could prove costly indeed to the U.N. The U.S. provided 40 per cent of funds spent by the organization between 1945 and 1970 and 29 per cent in 1973—some $410 million.

That support, tentative at best, has been imperiled during the last session by a series of unrealistic, hypocritical, and often spiteful and unproper gestures which make it clear that the majority has jettisoned the U.N.'s principles of peace and order in favor of a program of hatred and impatience. Or it may be more accurate to say that those who believe in hatred and impatience have become a majority in the U.N.

The Third World flouted rules and custom and a common respect for decency by insisting that Yassir Arafat of the Palestine Liberation Organization be invited to address the assembly, even tho he represents no nation, and thus in effect rewarding the P.L.O. for the dastardly acts of terrorism that have been committed in its name. Assembly President Boutefliika of Algeria compounded this offense by treating the P.L.O. leader as if he were a head of state.

At the same time, the U.N. General Conference cut off Israel's $12,000 UNESCO cultural allocation for 1975. The Lebanese delegate said that "Israel is a state which belongs nowhere because it comes from nowhere." And this despite the fact that Israel has been a member of the U.N. longer than most U.N. members and longer than almost any of the Third World countries. To act on this theory while according a hero's welcome to the leader of what is not even a state at all is the height of illogic.

Further, Israel's right to state its own case was curbed, and many of those who voted to give Mr. Arafat a forum made a mockery of that word by then refusing even to listen to the Israeli response.

The assembly majority denied South Africa a seat at this session [and probably would have expelled it] because of its policy of apartheid; yet the same majority found no need to condemn the mass killings and other flagrant violations of human rights in Uganda and Burundi, two Third World members.

The spreading miasma of bias and hatred permeating the U.N. can produce only revulsion and mistrust on the part of the more developed democracies upon which the U.N. depends primarily for its support. And yet the more Third World countries are admitted—some no bigger than an Illinois county—the less chance there is of reforming the structure of the U.N. That being so, the only visible hope for the U.N. rests on the ability of the U.N.'s more responsible members to persuade the majority of the danger of its biased folly before the erosion of support on the part of intelligent people becomes irreversible.

NEED TO DEREGULATE NATURAL GAS

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 26, 1975

Mr. ARCHER. Mr. Speaker, I have introduced a bill which would provide for the deregulation of natural gas. It is my belief that such deregulation will assist us in meeting the challenge of our current energy crisis.

Presently, natural gas supplies over one-third of our energy needs and is expected to be a significant source of energy in the future. It is the cleanest of all energy sources in terms of environmental pollution. It is versatile and easy to transport. Currently it is in short supply. It is in short supply not because our deposits have been exhausted but because producers are not developing this source due to a lack of incentive. Since 1954 when Federal price controls were imposed, exploratory drilling for natural gas has fallen by about 30 percent.

Since 1954 our reserve of natural gas has declined while the demand for natural gas has been increasing, stimulated by the artificially imposed low price. This combination of increased consumer demand for natural gas and reduced exploratory and development efforts have brought about a shortage of natural gas. Research groups, both government and private, have estimated that large natural gas deposits exist within the United States, especially in offshore locations. Development of and access to this fuel would help us in meeting the energy crisis: we would have additional supplies and the natural increase in price would help reduce excessive consumer consumption as individuals would turn to some alternative fuels. The price for natural gas would be determined by the supply and demand factor in the marketplace rather than governmental regulations.

If we continue our present policy regarding natural gas, we will be preventing further exploration and development due to a lack of incentive. I believe ending Federal controls over the price of natural gas would help us conserve our existing reserve of natural gas while providing a mechanism to attract investment capital to natural gas exploration and development. It is my hope that this Congress will act soon to pass a bill to deregulate natural gas.

SENATE—*Thursday, February 27, 1975*

(Legislative day of Friday, February 21, 1975)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the Vice President.

PRAYER

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

"Drop Thy still dews of quietness,
Till all our strivings cease;
Take from our souls the strain and stress,
And let our ordered lives confess
The beauty of Thy peace."
—JOHN GREENLEAF WHITTIER (1807–92).

Our Father God, all the ways of our need lead to Thy throne. Without Thee we are impotent to do our highest and best for the Nation. With Thee we can do all things needful for this Republic. When so many care so deeply about the ways by which this body serves the whole Nation, supply us with Thy renewing grace, and move us to a deeper commitment to truth and to selfless service. "With malice toward none, with charity for all, with firmness in the right as Thou dost give us to see the right," help us to bind up the wounds, become our brother's brother and strive to finish the great work to which we have been called.

And to Thee shall be all the thanksgiving and the praise. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Wednesday, February 26, 1975, be approved.

Mr. ALLEN. I object.

The VICE PRESIDENT. Objection is heard.

A DECENT MAN

Mr. MANSFIELD. Mr. President, in this morning's Wall Street Journal is published an article under the heading "Politics and People," by Alan L. Otten, with the subheading "A Decent Man," referring to President Ford—his candor, his honesty, his straightforwardness. It is an excellent article, and I ask unanimous consent to have it printed in the RECORD.

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

POLITICS AND PEOPLE

(By Alan L. Otten)

A DECENT MAN

WASHINGTON.—Maybe a lot of us are being too rough on Jerry Ford.

First, he wasn't showing enough leadership, and then he was selling too hard. He wasn't doing enough to halt inflation, and then he wasn't doing enough to undo recession. Conservatives complain the deficit's too big, and liberals that it's too small.

Almost completely overlooked in all this is another aspect of the Ford presidency—that so far he's managed to remain an honest, open, decent human being. And with the public's unprecedented distrust of government and politicians in general and of Presidents in particular, that's not an insignificant contribution.

It's always important, after all, just what kind of person the President is. It's not only that he's the man our children are supposed to look up to, as Richard Nixon piously proclaimed in one of those TV debates with John Kennedy, but also that he sets a tone and pattern of conduct for his administration. Right now, that tone and pattern can either further enlarge popular disaffection and alienation, or conceivably start reducing them.

Mr. Ford is not only a lot smarter than his critics suggest, but he's also an unusually honest and straightforward man, of considerable personal and professional integrity. He tends to say what he thinks and means what he says—an occasionally unsettling change from his immediate predecessors.

When GOP congressional leaders used to meet with Mr. Nixon, Sen. Hugh Scott reports, they had to stay wide awake to make sure the White House didn't slip a fast one by them. Now, he says, "there are no fast ones. You don't have to listen extra-careful."

Mr. Ford and his top aides are currently being chided for suggesting that the economic future may not be quite as bleak as their own budget projections indicated. Yet certainly he deserves continued praise for having permitted his economic counsellors to issue those frightening figures in the first place.

Or consider his answer during last month's TV interview, when NBC correspondent Tom Brokaw asked whether he was bothered by repeated reports that he wasn't smart enough for the job.

John Kennedy would have evaded with a wisecrack. Lyndon Johnson would have demolished with sarcasm. Richard Nixon would have overkilled with cant. Mr. Ford, with sensible restraint, merely cited his good record in law school and his steady rise to leadership in Congress.

Already the Ford administration has been comparatively open considerably longer than most people expected. The President is holding frequent press conferences, as he promised; if he uses them primarily to flog Congress for acting too slowly on economic and energy problems, that's more a criticism of the press for failing to pin him down on the tough questions than a criticism of him for skillfully employing the conference to his own advantage.

He's also been talking to many governors and other people on his travels, and inviting to the White House liberal Republican Senators, university presidents, civil rights leaders and other groups that haven't been there in a long while. White House staffers and other top administration officials are relatively accessible and seem willing to talk fairly freely, without worrying whether they're straying a few inches from the party line or without constantly looking over their shoulders to see whether a Marvin Watson or Bob Haldeman is marking them down in a little black book.

Nor does Mr. Ford appear uptight about possibly being overshadowed by more brilliant subordinates. His decision to put Vice President Rockefeller in charge of the Domestic Council and to let him staff it with his own people was the decision of a reasonably secure individual. Mr. Nixon certainly never gave Vice President Agnew or Vice President Ford that much leeway.

Mr. Ford's Cabinet appointments so far have been of notably high caliber, and again, hardly suggest a man seeking a comfortably consenting corps of advisers. Even his widely-